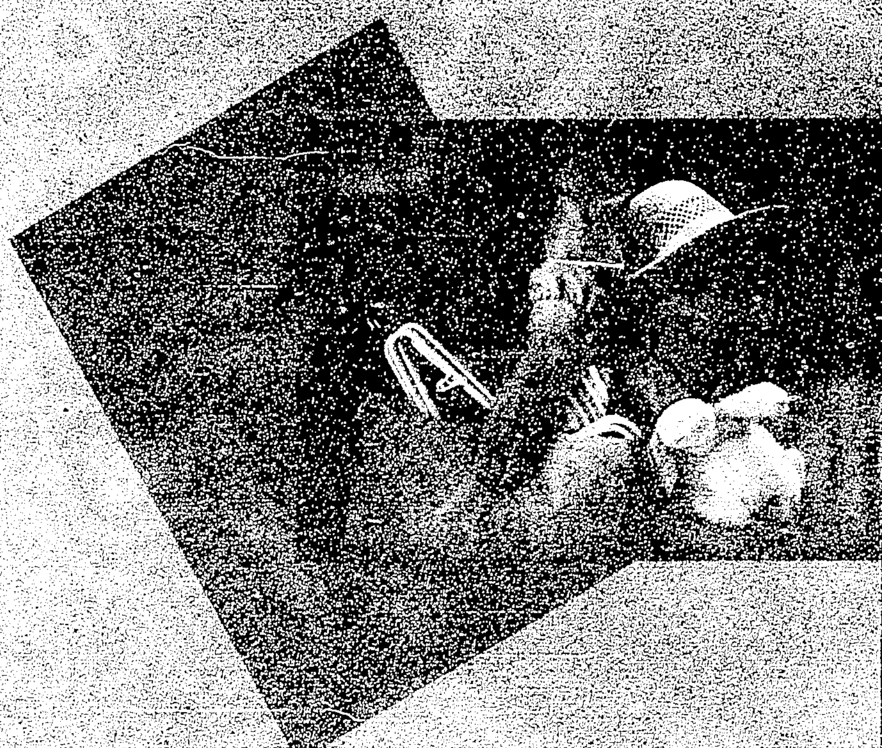
Dayton Hudson Corporation

1983

Annual

Report



Cover: *Serving our customers—both today's and tomorrow's—is our primary mission. This focus on the customer shapes our management philosophy and our character as a corporation.*

Target®, Mervyn's® and B. Dalton Bookseller® are federally registered marks of Dayton Hudson Corporation.

Contents

Letter to Shareholders 2
A Commitment to the Customer 4
Review of Operations 7
Target 8
Mervyn's 10
Department Stores 12
Specialty Merchandisers 14
Trend Management in Public Affairs 16
Financial Information 17
Stores and Locations 38
Directors and Management 40
Corporate Information 41

Highlights

	1983 52 Weeks Ended January 28, 1984	1982 52 Weeks Ended January 29, 1983	Percent Increase
Continuing Operations:			
Revenues	**$6,963.3**	$5,660.7	23%
Earnings before income taxes	**447.7**	373.0	20%
Income taxes	**204.5**	174.6	17%
Net earnings	**243.2**	198.4	23%
Net earnings per share	**2.52**	2.06	22%
Cash dividend paid per share	**.61¼**	.56¼	9%
At Year-End:			
Shares outstanding	**96,793,152**	96,475,564	
Number of shareholders	**14,620**	12,256	
Retail square feet	**41,964,000**	36,879,000	
Number of stores	**1,075**	981	

All dollars in millions, except per-share data.
Per-share amounts and shares outstanding for 1982 have been restated to reflect a two-for-one Common Stock split effective July 22, 1983.

Dayton Hudson Corporation is a growth company focusing exclusively on retailing. At fiscal year-end, the Corporation was operating 1,075 stores in 47 states, the District of Columbia and Puerto Rico.

Dayton Hudson's principal operating strategy is to provide exceptional value to the American consumer through multiple retail formats. Retail operations are conducted by eight companies, which are organized into four separate business segments:

Target

Target is a low-margin department store chain operating in 22 states. Target stores offer a merchandise mix of two-thirds convenience-oriented hardlines and one-third fashion softgoods.

Mervyn's

Mervyn's is a highly promotional, popular-priced, value-oriented department store company operating in nine states. Mervyn's stores feature nationally branded and private-label apparel, accessories and household softgoods.

Department Stores

Hudson's   Diamond's
Dayton's   John A. Brown

The department store group consists of four regional companies: Hudson's in Michigan, Ohio and Indiana; Dayton's in Minnesota, North Dakota, South Dakota and Wisconsin; Diamond's in Arizona and Nevada; and John A. Brown in Oklahoma.

Specialty Merchandisers

B. Dalton Bookseller   Lechmere

Specialty merchandising operations are conducted by two multi-store companies: B. Dalton Bookseller, a national bookstore chain, and Lechmere, a New England hardlines retailer.

For a complete listing of store locations for each company, see pages 38-39.

Revenues (Billions)

83	$6.963
82	$5.661
81	$4.943
80	$4.034
79	$3.385

Net Earnings Per Share (Continuing Operations)

83	$2.52
82	$2.06
81	$1.67
80	$1.45
79	$1.34

Cash Dividend Paid Per Share

83	$.61¼
82	$.56¼
81	$.51¼
80	$.46¼
79	$.41¼

Shareholders' Investment Per Share (Continuing Operations)

83	$15.91
82	$13.98
81	$12.41
80	$11.14
79	$10.09

To our shareholders:

For Dayton Hudson Corporation, the year 1983 marked the 13th consecutive annual improvement in earnings from retail operations.

Retail net earnings increased 23% to $243.2 million from $198.4 million a year ago. Net earnings per share were $2.52, compared with $2.06 last year. We are particularly pleased with this improvement because it follows a 24% increase in 1982.

Revenues from retail operations increased 23%. Comparable-store revenues—from stores open longer than 12 months—were up 11%.

In total, our four business segments—Target, Mervyn's, the department store group and the specialty merchandisers group—achieved a 25% increase in operating profit (LIFO earnings from operations before corporate expense, interest expense and income taxes). Each segment reported higher operating profit for the year—the result of strong sales growth and continued effective expense management.

The results reported by Target and Mervyn's are particularly gratifying because they were achieved during a year when both companies launched major expansion thrusts into important new markets—Target into southern California and Mervyn's into Texas.

Our department store group also continued to strengthen its operations in 1983. The specialty merchandisers group had an excellent year as well, with both B. Dalton and Lechmere making strong contributions.

We continued to maintain a strong financial position in 1983. Our ratio of balance sheet debt to total capitalization was 32% at year-end, compared with 31% at the end of 1982. Including all operating leases, the ratio was 40%, down from 41% a year ago.

Board Actions

In June, the Board of Directors declared a two-for-one Common Stock split effective July 22. This followed a two-for-one split in November 1981.

At its October meeting, the Board authorized an increase in the quarterly dividend from $.15 to $.16¼ per share. The increased dividend, which was paid in the fourth quarter, brought the total dividend per share paid in 1983, after adjusting for the stock split, to a record $.61¼. This is the 12th consecutive year in which dividends have increased.

Capital Investment and Expansion

Our total investment, including capital expenditures and the present value of lease obligations, was $377 million in 1983, compared with $395 million in the previous year.

Total retail space at year-end increased to 42 million square feet from 37 million square feet a year ago. During the year, we added 38 Target stores, 17 Mervyn's stores, 39 B. Dalton book stores and one Hudson's department store.

For 1984, we anticipate a total capital investment, including capital and operating leases, of approximately $400 million. Scheduled to open are 12 Target stores, 19 Mervyn's stores, approximately 50 B. Dalton book stores, approximately 20 Pickwick discount book stores and two Lechmere stores. Retail space is expected to increase by approximately 3 million square feet.

Management and Board Changes

Kenneth A. Macke, President and Chief Operating Officer, was elected Chief Executive Officer of Dayton Hudson in September. He succeeds William A. Andres, who continues as Chairman of the Board. Mr. Andres was also elected to the additional position of Chairman of the Executive Committee of the Board.

Boake A. Sells joined Dayton Hudson in June as Vice Chairman. Mr. Sells, formerly President and Chief Operating Officer of Cole National Corporation, oversees the operations of Target, B. Dalton and Lechmere. He also is responsible for new specialty strategy development.

K. N. Dayton, former Chairman and Chief Executive Officer of Dayton Hudson, retired from the Corporation and the Board of Directors in September, ending a 37-year career. He was elected President in 1969, served as Chairman of the Board from 1974 through 1977 and was Chairman of the Executive Committee of the Board from 1977 until his retirement.

During his career, Ken Dayton established a corporate philosophy that combines profitable growth with a tradition of service and commitment to customers, employees, shareholders and communities. We are indebted to him for his inspirational leadership, his contributions to corporate governance and long-term planning and his commitment to management excellence.

Two new members were added to the Board of Directors in 1983. Robert A. Burnett, President and Chief Executive Officer of Meredith Corporation, and E. Peter Gillette, Jr., Vice Chairman of Norwest Corporation, were elected to the Board in May.

Dayton's, Hudson's to Combine

In March 1984, we announced our plans to combine Dayton's and Hudson's department store companies into a single organization effective May 1.

The resulting company, which will be called the Dayton Hudson Department Store Company, will be the largest individual department store operation in the United States. The company will be headquartered in Minneapolis, with regional offices in Detroit and Minneapolis.

Left to right: P. Gerald Mills, Executive Vice President; Boake A. Sells, Vice Chairman; Kenneth A. Macke, President and Chief Executive Officer; William A. Andres, Chairman of the Board of Directors; Richard L. Schall, Vice Chairman and Chief Administrative Officer.

P. Gerald Mills will head the combined organization as Chairman and Chief Executive Officer. He will continue as Executive Vice President of Dayton Hudson Corporation.

We are committed to the growth of these operations. We believe that in their combined strengths, we have the foundation for profitable growth in the years ahead.

The Outlook

Retail sales are expected to remain strong in 1984 as the economy enters the second year of its recovery. Employment and personal income should continue to rise, bringing with it increasing purchasing power and continued high levels of consumer confidence.

Our operating companies are well positioned to take advantage of the improving economy, and we look forward to another good year in 1984.

Looking further ahead, we remain very optimistic about the long-term outlook for the retail business in general—and Dayton Hudson's prospects in particular.

As a Corporation, we manage with a long-term orientation that looks toward building tomorrow's business through effective strategic planning.

At the same time, we remain very much alert to today's business. Our merchants are responsive to the latest trends. We continue to emphasize value as our principal operating strategy. Most important, our primary focus is on those who determine our success as a retail business—our customers.

Kenneth A. Macke

Kenneth A. Macke
President and Chief Executive Officer

William A. Andres

William A. Andres
Chairman of the Board of Directors

April 4, 1984

A strong trend orientation. An emphasis on value. A view toward the long term. These are key principles that make up our management philosophy and define our character as a corporation.

No single factor, however, does more to shape our philosophy—and our character—than our commitment to our customers.

a commitment to the customer

Our success as a retail business depends upon our ability to anticipate and fulfill the needs and desires of our customers.

We Are Customer-Focused.

The reason is clear. Our success depends on how well we anticipate and fulfill the needs and desires of the people who shop in our stores. Every action we take is aimed at supporting this effort.

There is no better example of our commitment to our customers than the way in which we view our role as retail merchandisers. We consider ourselves to be our customers' purchasing agent. Our job is to represent their best interests throughout the entire retail process.

We believe we fulfill this responsibility best by giving our individual companies the freedom to manage their own businesses. In this way, we make sure that key operating and merchandising decisions are made with the customers' best interests in mind—by those who are closest to them and who know them best.

The primary mission of our operating companies is to provide customers with the products and services they want and need as quickly and efficiently as possible.

They do this by carefully determining what customers expect, and then offering the most-wanted merchandise—in depth. They deliver value in the form of quality merchandise that is both fashion-right and competitively priced. And they provide a total shopping experience that meets customer expectations for service, convenience, environment and ethical standards.

At the corporate level, we approach our responsibility to customers by continually asking two questions of our retail companies. First—what's in it for the customer? Second—how can we do better than the competition at serving their needs?

We Are Trend-Oriented.

To serve our customers most effectively, we have to be able to identify new trends, determine how they change the needs and desires of our customers and provide the merchandise that meets those needs and desires.

Today, trends are evolving faster than ever before and consumers are becoming more sophisticated. As a consequence, meeting the changing needs and desires of our customers is even more challenging than in the past. Our operating companies must continually review their merchandising strategies to make sure they are responding to trends as quickly as they should.

Our primary management tool in meeting this challenge is trend merchandising—a proven and effective discipline that identifies trends and creates sound and appropriate strategies in response.

We use trend merchandising to track the life-cycles of fashion trends. By identifying stages in the life of every trend, our merchants are able to test, promote, re-order and even mark down goods—depending upon where the trend is in its cycle. It makes fashion change manageable and enables us to direct our resources in the most profitable way.

More important, trend merchandising helps us to project an image of excitement in our stores—an image of newness that tells our customers we have the latest and most-wanted merchandise.

Trend merchandising has proven to be an effective tool not only for managing retail trends, but also for managing change in all aspects of our business. Using trend merchandising techniques, we are able to recognize changing trends in such diverse areas as finance, personnel, law, accounting and public affairs.

It has provided us with the ability to recognize and adapt to all forms of change—and, most importantly, to capitalize on change by managing it to our advantage.

We Are Value-Driven.

Providing value to our customers is our principal operating strategy and the cornerstone of our corporate strategic plan.

Our merchandising philosophy identifies five key principles we believe to be the major elements of value—merchandise dominance, quality, fashion, convenience and price.

Merchandise dominance means being known for having particular merchandise offerings. We want our customers to think of us first for the products they want most.

Quality applies not only to the merchandise we sell, but also to everything we do. Our corporate objective is to be premier in every aspect of our business. That means quality people, services, facilities and locations.

Fashion is change in response to the customers' desire for new and exciting merchandise. Fashion trends occur in everything we sell, whether it's apparel, books or home furnishings. Our objective is for each of our companies to be the fashion leader in its particular merchandise offerings and in its chosen markets.

We recognize that because our customers' time is valuable, convenience is often an important factor in choosing where they shop. We provide convenience to our customers through stores that are easy to shop and well-located. We respect their time by making their total shopping experience as pleasant and easy as possible.

Price forms the foundation for our definition of value. We believe our customers have the right to expect the highest quality merchandise at a competitive everyday price.

We Are Forward-Looking.

We pride ourselves on our ability to be consistently at the forefront of merchandising change. Over the years, our customers have learned to look to us first for the newest, the best and the most exciting merchandise trends. It's a leadership position we've worked hard to attain—and one we intend to keep.

We've also been a leader in responding to larger changes in retailing. In the early 1960s, for example, when consumers began to recognize the discount store as a viable retail format, we developed Target—now the leading upscale discounter in America. And in the 1970s, when economic conditions made value the number-one shopping expectation, we redirected our entire merchandising strategy toward providing customers the greatest value for their shopping dollar.

Staying at the leading edge of change in retailing requires that we manage our business always with a long-term orientation and a forward-looking perspective.

Managing for the long term has been an important part of our management philosophy from the very beginning. Target and B. Dalton Bookseller, for example, were developed in the 1960s within the framework of an already well-defined strategic planning process.

Planning for the future, therefore, is part of our heritage as a corporation. We believe that each generation of management has the responsibility to leave behind its own legacy for the continued growth of Dayton Hudson.

To fulfill this responsibility, we plan to have at least one new business strategy under study or in development at all times. We will also fund the development and evaluation of approved and related strategies within our operating companies. Our number-one criteria for any new business is that it serve the customer exceptionally well.

Though our management perspective looks ahead toward building tomorrow's businesses, we recognize that our primary focus must be on serving today's customers. Only if we are successful in meeting their needs and desires will we have the resources to continue growing profitably in the future.

review of operations

Listening to the Customer

We're in business to serve our customers. To determine what their needs and desires are and how they are changing, we listen closely to what our customers are telling us. We hear their messages clearly every day in the form of continually changing merchandise trends.

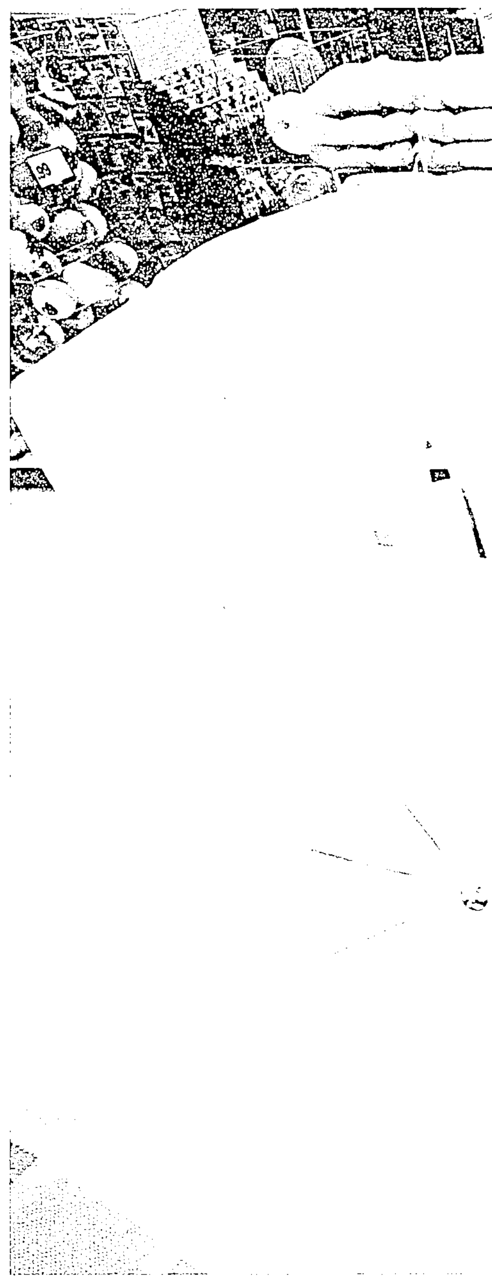
In the following review of operations, we examine some of those customer messages, the trends they represent and the strategies we are implementing in response.

Operating Highlights

Target combined sales from existing stores with revenues from 38 new stores to achieve a 29% revenue increase in 1983. Comparable-store revenues were up 8%. Total annual revenues topped the $3 billion mark.

Target's operating profit was up 18% in 1983. A more competitive pricing strategy implemented during the year resulted in a slight reduction in the gross margin rate. Target's expense rate in its base business improved over a year ago. However, the overall operating expense rate was higher due to costs associated with new store openings.

Target's major expansion thrust in 1983 occurred in southern California. Twenty stores



Merchandise trends at Target reflect customer interest in leisure activities centered in the home.

opened in the Los Angeles area—a market which may have the potential for as many as 25 more Target stores. Current sales in these stores are in line with expectations.

Eight stores opened in San Diego during the year. Sales there have been somewhat below expectations, reflecting what is presently an adverse retail environment in that market.

Other new-market entries in 1983 included six stores in San Antonio, two in Tucson and one in Greeley, Colorado.

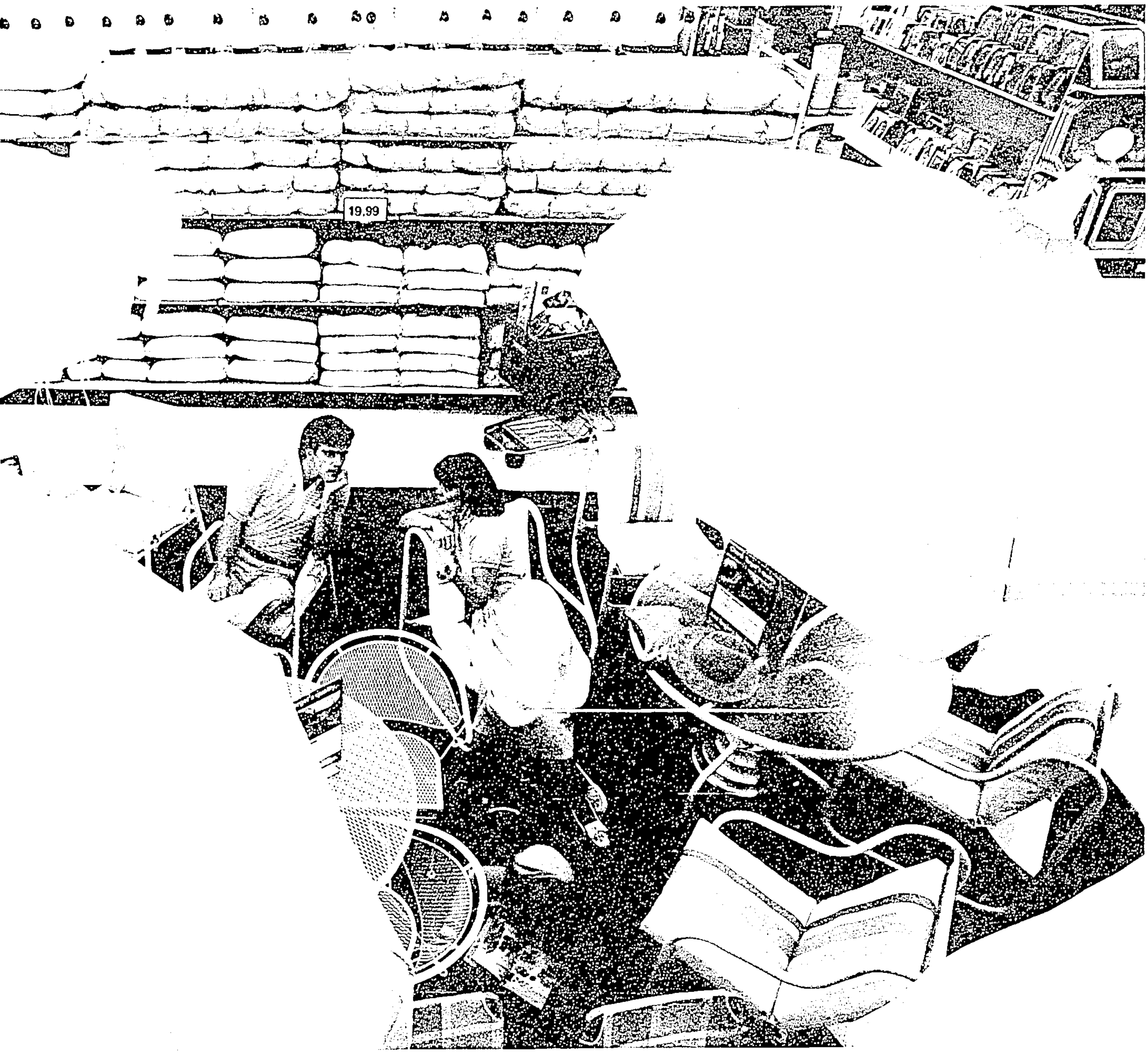
Initial sales volume in the Tucson and Los Angeles area stores was higher per square foot than in any previous new market entry.

Another Target store opened in Minneapolis in 1983, bringing the number of units in the Twin Cities' market to 15.

Twelve stores are scheduled to open in 1984. In February, five stores opened in Phoenix, marking Target's entry into that important new market. In July, Target will open its first store in Lincoln, Nebraska. The balance of the 1984 openings will be additional stores in the existing markets of Denver, Oklahoma City, Los Angeles, Milwaukee and Minneapolis.

(Millions of Dollars)	1983	1982	1981
Revenues	$3,118.4	$2,412.4	$2,054.3
Operating Profit*	$ 176.8	$ 150.1	$ 108.7
Stores	205	167	151
Retail Square Feet (000)**	20,062	16,261	14,679

**Operating profit is LIFO earnings from operations before corporate expense, interest expense and income taxes.*
***Total square feet less office, warehouse and vacant space.*

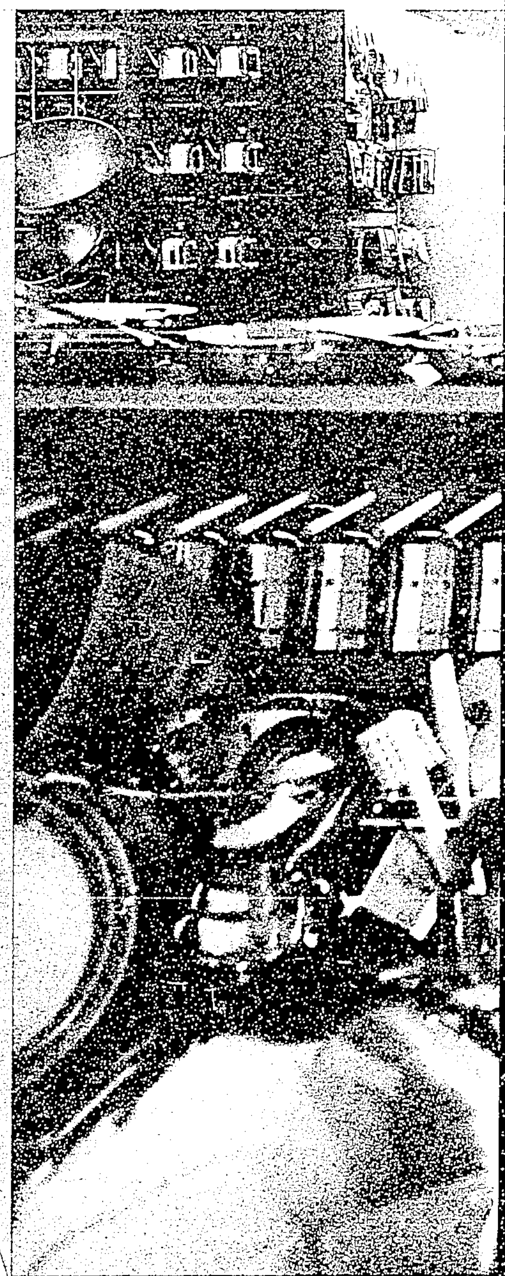


Operating Highlights

Mervyn's revenues surpassed expectations in 1983, increasing 26% over the previous year. Revenues from comparable stores were up 13%.

Operating profit increased 21% in 1983. Acknowledging an intensely competitive environment, Mervyn's implemented a strategy specifically designed to increase sales and gross margin dollars. Combined with this plan was continued emphasis on expense management. This resulted in a significant improvement in the operating expense rate, which partially offset a reduction in the gross margin rate.

Mervyn's topped the 100-store mark in 1983 with 17 new stores—the most openings in a



Mervyn's new decorative housewares department: a profitable new business resulting from effective trend merchandising.

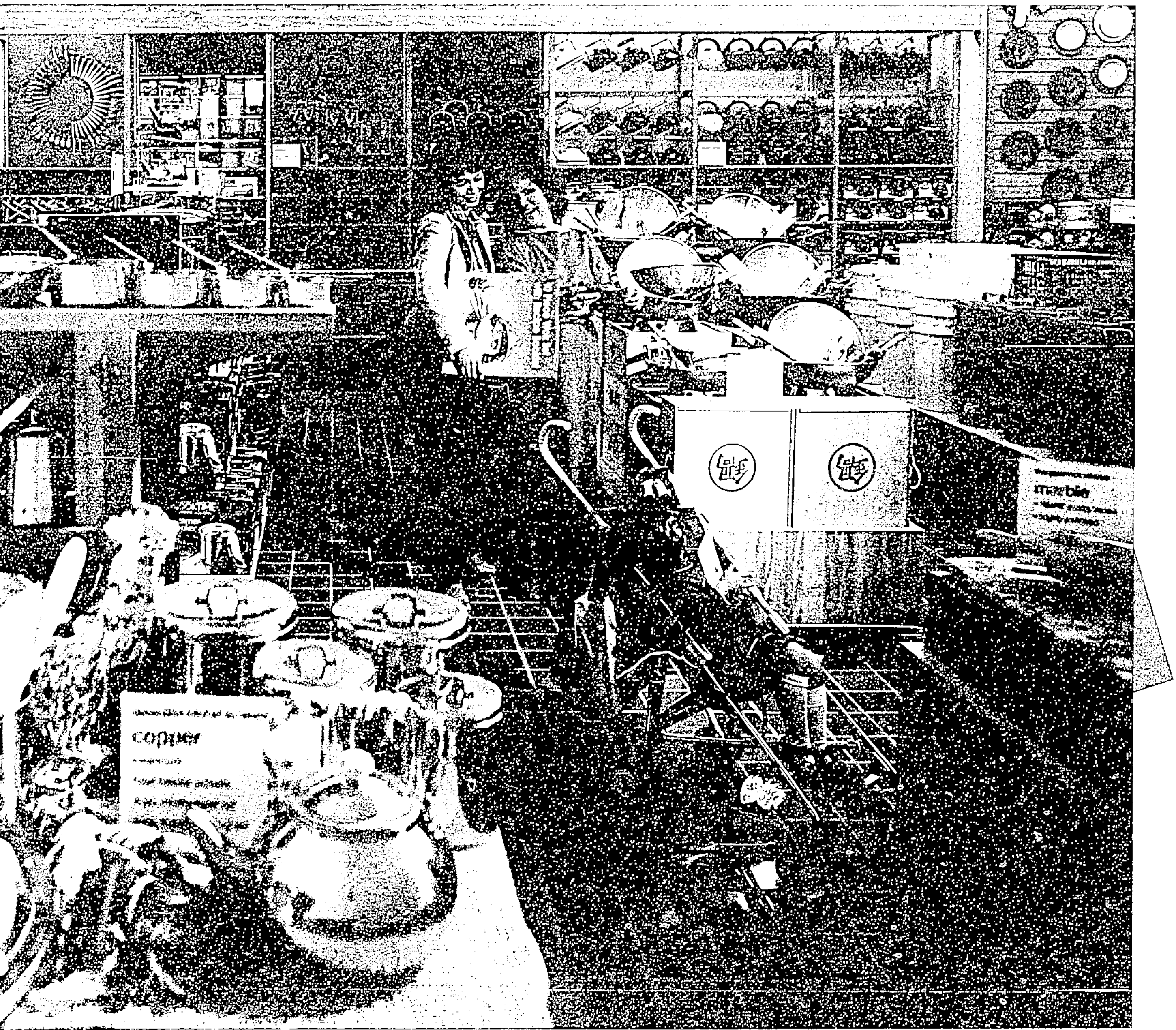
single year in Mervyn's history. Nearly all of the units opened in new markets.

Among the new stores were five in Dallas and two in Austin. Customer response to these new stores in Mervyn's South Central Territory has been overwhelmingly favorable, with sales far exceeding initial projections.

Mervyn's South Central expansion plans call for at least 55 stores to open in Texas, Arkansas, Louisiana and Oklahoma between now and 1988, giving Mervyn's a strong presence in one of the fastest growing regions in the country.

Mervyn's plans to open 19 stores in 1984. In March, six stores opened to very strong sales in Houston. Two more stores will open there by the end of the year. Mervyn's also will enter the Seattle/Tacoma market in 1984 with three stores.

(Millions of Dollars)	1983	1982	1981
Revenues	$1,688.9	$1,335.8	$1,062.3
Operating Profit	$ 184.5	$ 152.3	$ 119.6
Stores	109	92	80
Retail Square Feet (000)	8,556	7,278	6,278



Operating Highlights

Revenues from department store operations increased 10% in 1983. Operating profit was up 36%, reflecting improved results at Hudson's, Dayton's and Diamond's.

Hudson's operating profit rose 27% on a revenue increase of 6%. Excluding 1982 sales from Hudson's downtown Detroit store, which was closed in January 1983, comparable-store revenues were up 9% in 1983.

Hudson's operating expense rate was substantially improved over a year ago while the gross margin rate increased moderately.

Dayton's reported a revenue increase of 18% in 1983. Operating profit was up 42% over a year ago. A significant improvement in the

operating expense rate more than offset a slight reduction in the gross margin rate.

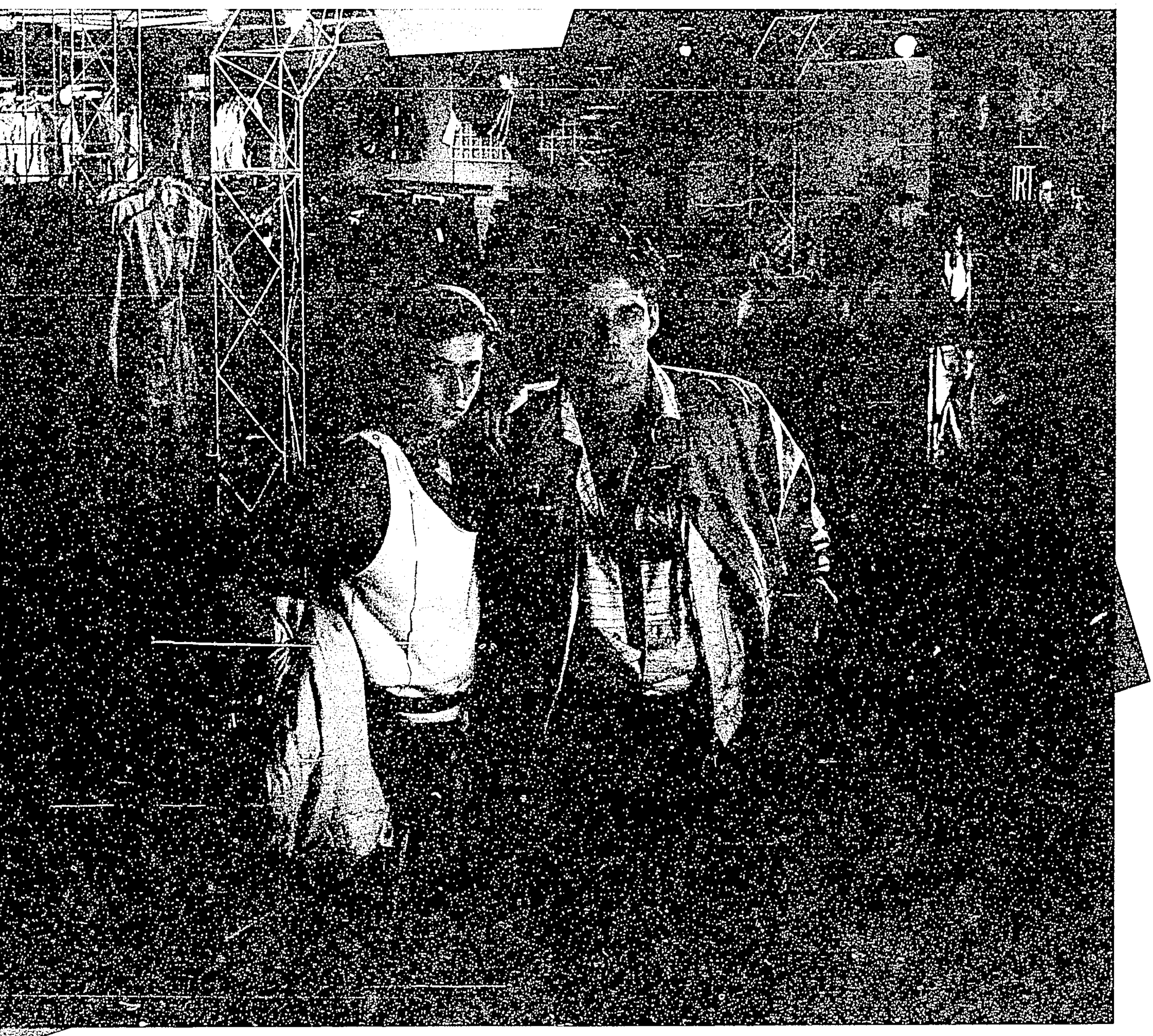
Diamond's revenues were up 12% over the previous year. Operating profit increased sharply, following a decline in 1982. Diamond's achieved significant improvements in both its gross margin and operating expense rates in 1983.

Revenues declined 5% at John A. Brown, reflecting primarily a deterioration in the Oklahoma economy. Operating profit was down 32% from a year ago.

The department store group opened one store and closed another in 1983. Hudson's began operations in a 103,000-square-foot unit in Battle Creek, Michigan, in August. Diamond's closed a store in Phoenix in Januar[illegible]

(Millions of Dollars)	1983	1982	1981
Revenues			
Hudson's	$ 728.0	$ 683.8	$ 658.1
Dayton's	514.3	437.3	410.1
Diamond's	159.8	143.0	140.3
John A. Brown	81.8	86.1	77.0
Total	$1,483.9	$1,350.2	$1,[illegible]
Operating Profit	$ 155.7[illegible]	[illegible]	[illegible]

	1983	1982	1981
Stores			
Hudson's	20	19	19
Dayton's	16	16	16
Diamond's	12	13	13
[illegible]	6	6	6
[illegible]	54	54	54
[illegible]et (000)			
[illegible]	4,641	4,535	5,134
[illegible]	[illegible]3,343	3,348	3,362
[illegible]	[illegible]494	1,563	1,644
[illegible]	[illegible]632	632	632
[illegible]	[illegible]10	10,078	10,772



Operating Highlights

Revenues from the specialty merchandisers group were up 20% in 1983. Comparable-store revenues increased 14% over the previous year. Operating profit was up 39% as a result of improvements at both B. Dalton and Lechmere.

B. Dalton's 1983 revenues exceeded expectations, increasing 19% over last year. Revenues from comparable stores were up 11%. Operating profit increased 32%, reflecting improvement in both the operating expense rate and the gross margin rate.

Lechmere's revenues were also greater than expected, up 21% over a year ago. Operating profit rose 58% on the strength of increased sales and improved gross margin and operating expense rates.

cialty merchandisers

Computer books represent a key growth trend at B. Dalton. Inset: Lechmere's home computer business doubled in 1983 and is expected to do so again in 1984.

B. Dalton had a net increase of 39 stores in 1983, bringing its total stores at year-end to 701. B. Dalton stores are located in 47 states, the District of Columbia and Puerto Rico. In 1984, B. Dalton plans to open approximately 50 new stores.

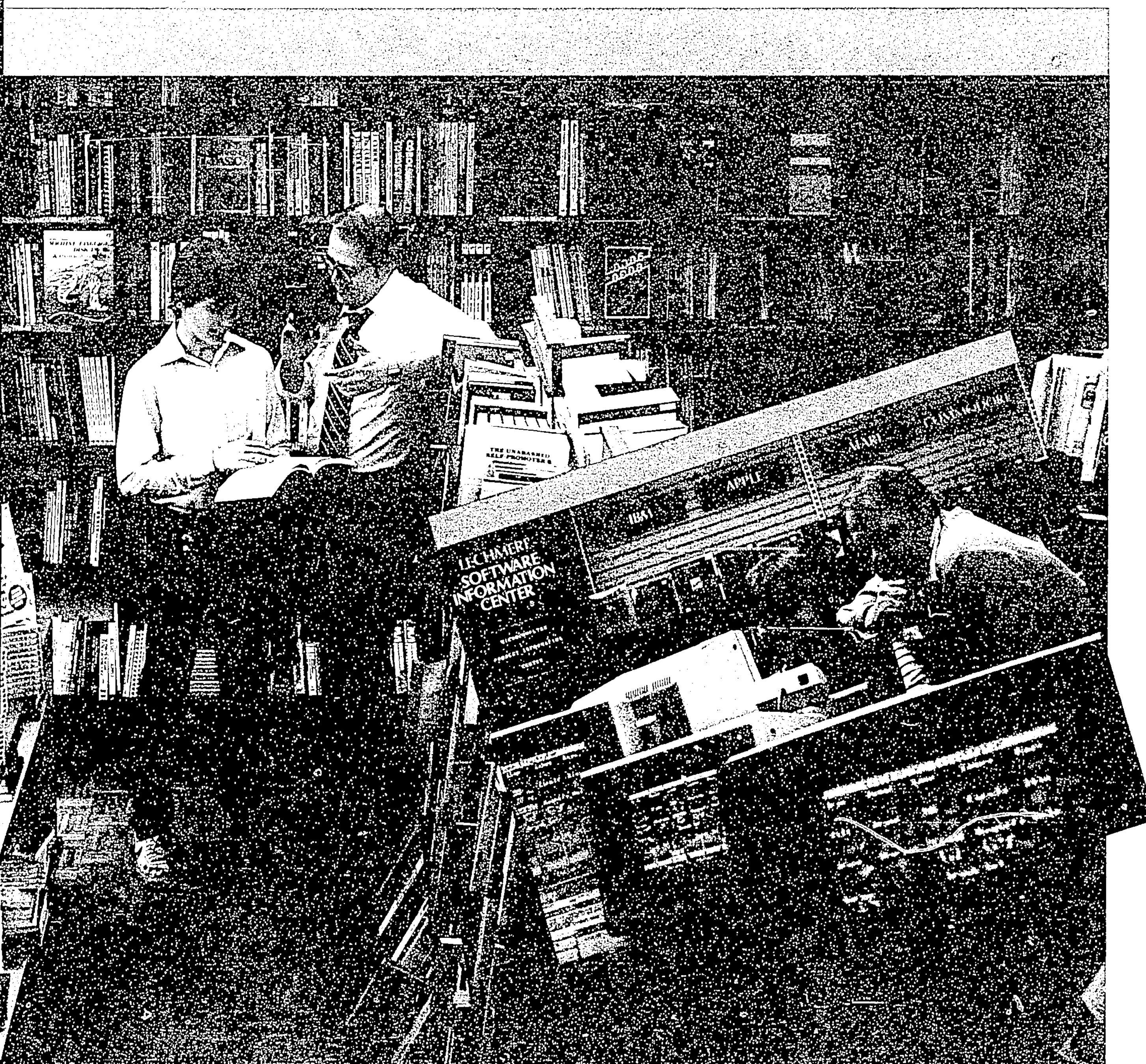
Pickwick Books, a discount book test strategy developed by B. Dalton, plans to open approximately 20 stores in 1984. Pickwick currently operates four stores in Columbus, Ohio. Pickwick stores offer approximately 7500 titles, consisting of discounted bestsellers and publishers' overstocks.

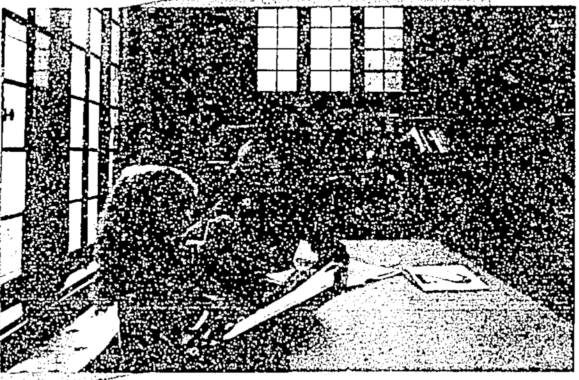
Lechmere plans to open four stores over the next two years, all in Boston and adjacent markets. Three of Lechmere's stores have been remodeled. The remaining three stores will be remodeled in 1984.

(Millions of Dollars)	1983	1982	1981
Revenues			
B. Dalton	$445.1	$374.3	$319.3
Lechmere	227.0	188.0	164.8
Dayton Hudson Jewelers*	—	—	56.7
Total	$672.1	$562.3	$540.8
Operating Profit	$ 60.0	$ 43.1	$ 36.4

Dayton Hudson Jewelers was sold effective January 30, 1982.

	1983	1982	1981
Stores			
B. Dalton	701	662	579
Lechmere	6	6	6
Dayton Hudson Jewelers	—	—	55
Total	707	668	640
Retail Square Feet (000)			
B. Dalton	2,446	2,332	2,097
Lechmere	790	930	992
Dayton Hudson Jewelers	—	—	198
Total	3,236	3,262	3,287





Lynn Steuck, right, is one of hundreds of B. Dalton employees who act as volunteer reading tutors in the company's literacy program.

trend management in public affairs

At Dayton Hudson, we know that successful retailing requires us to be in touch with change. We recognize trends and interpret them for our customers. Just as we remain sensitive to trends in the marketplace, we know that awareness of change in society has an equally important impact on the success of our business.

We believe that a comprehensive program of corporate public involvement helps us stay in touch with change as it occurs. We conduct programs in community giving, voluntarism, community development and government relations. These programs—run as professionally as any other aspect of our business—are an integral part of the Corporation's strategy and operations.

A History of Community Involvement

Since 1946—for 38 consecutive years—Dayton Hudson has annually budgeted 5% of federal taxable income for giving programs. But dollars alone are not enough. We increase the impact of our giving by deliberately focusing our dollars in two areas—social action and the arts. We further increase our impact by encouraging our employees to volunteer their time and expertise.

Public involvement also means that we strive to be a partner with government at all levels. We monitor change as it occurs—nationally, as well as in our states and communities—and apply our experience in government relations to affect public policy. We lobby in the public interest and in our own interest—because we know that the public's business is critical to our business.

To help us monitor change and to plan our activities, we use a system of trend management, not unlike that used by our colleagues in merchandising. Awareness of change is essential in helping us set priorities and allocate resources.

Three examples illustrate how this works at Dayton Hudson.

B. Dalton's Literacy Program

Several years ago, we recognized that illiteracy is a problem of growing magnitude for Americans. Research shows that as many as 60 million adults in the United States may be functionally illiterate. This problem, of ever growing importance to society, also has important implications for our business.

In 1983, B. Dalton embarked on a major, multi-faceted program to attack illiteracy. Nearly $3 million has been committed over the next several years to fund community-based tutoring programs, to provide technical assistance to national literacy organizations and to fund children's reading programs across the country. Hundreds of B. Dalton employees have volunteered as individual tutors. A simultaneous public policy initiative will extend the impact of Dayton Hudson's involvement. We have been joined in a funding partnership by the U.S. Department of Education and other national corporations.

B. Dalton, in touch with an important societal trend, is now on the forefront of this issue, leveraging its managerial, volunteer and financial resources to attack illiteracy in America.

Hispanic Leadership

With our recent and rapid growth in the Southwest, we have come to recognize the Hispanic population as an increasingly important factor in our communities. Three years ago, we launched a $300,000 project in four cities to develop and promote leadership talent from within the Hispanic community.

As members of our management became involved in this program, they also became aware of the retailing needs and opportunities represented by the large numbers of Hispanics in their markets. In working to help bring about positive progress in the Hispanic community, Dayton Hudson has also improved its ability to serve Hispanic customers.

Trade: A Key Factor in Serving our Customers

A major trend among our customers has been their growing concern for value. Dayton Hudson needs access to worldwide markets in order to provide our customers with a broad enough assortment to meet their individual needs.

Recently we have witnessed growing pressure to restrict imports into this country. This pressure threatens our ability to fulfill our responsibility to deliver value to our customers.

Working cooperatively with consumer groups, other retailers and industries engaged in world trade, Dayton Hudson is playing a leadership role in assuring that both import and export markets are kept free of serious impediments.

Identification of this important public policy trend, backed by a professional capacity for public involvement, gives us the ability to serve our customers more effectively.

These examples illustrate why, for Dayton Hudson, our openness to trends goes far beyond fashion and the selection of merchandise. For us, awareness of change in the world outside the walls of our stores is an important key to success in all aspects of our business.

financial information

Contents:

Financial Review 18
Performance Objectives
Return on Investment
Financial Policies
Capital Investment
Dividends and Common Stock Price
Analysis of Operations 20
Revenues
Gross Margin Rate
Operating Expense Rate
Start-up Expenses
Interest Expense
Income Tax Rate
Significant Events
Quarterly Results
Business Segment Trends
Business Segment Comparisons 23
Financial Statements 24
Consolidated Results of Operations
Consolidated Statements of Financial Position
Consolidated Statements of Changes in Financial Position
Consolidated Statements of Shareholders' Investment
Summary of Accounting Policies 28
Debt and Leases 28
Pension and Stock Purchase Plans 30
Report of Independent Auditors 32
Report of Management 32
Inflation Information 33
Financial Comparisons 36

Our financial goal is to provide our shareholders with a superior return on their investment while maintaining a conservative financial position. To provide a framework for decision making, we have established performance objectives and financial policies to support this goal.

Performance Objectives

Our performance objectives are designed to represent competitive excellence. These objectives change periodically in response to our competitive environment.

Our current objectives are:

- To earn an after-tax return on beginning shareholders' equity (ROE) of at least 18%.
- To sustain an annual growth in earnings per share (EPS) of at least 15%.
- To maintain a strong rating of our senior debt.

In 1983, we achieved all of our performance objectives. Our return on beginning shareholders' equity was 18.0%, an increase from 16.6% in 1982. We increased our ROE objective from 16% in 1983 to reflect the competitive return available to shareholders from alternative investments. Earnings per share from continuing retail operations increased 22%, following an increase of 23% in 1982. Our senior debt continues to carry AA and Aa2 ratings from Standard & Poor's and Moody's, respectively–both strong investment grade ratings. In addition to the strong ratings on our long-term debt, our commercial paper is rated A-1+ by Standard & Poor's and P-1 by Moody's.

Return on Investment

Achieving our performance objectives depends largely upon our ability to produce a superior return on investment (ROI). We believe that ROI is the most important single measure of financial performance. ROI is the primary financial tool we use to manage our business.

We define ROI as the product of investment turnover and return on sales:

$$\text{ROI} = \frac{\text{Sales}}{\text{Investment}} \times \frac{\text{Earnings}}{\text{Sales}}$$

After-tax ROI from continuing operations was 12.9% in 1983, compared with 12.2% in 1982.

	ROI	=	Investment Turnover	×	Return on Sales
1983	**12.9%**	=	**2.95**	×	**4.37%**
1982	12.2%	=	2.83	×	4.32%

The following table shows the calculation of ROI for 1983 and 1982.

	(Millions of Dollars) 1983	1982
Net earnings from continuing operations	$ **243.2**	$ 198.4
Interest expense–after tax (a)	**41.4**	26.3
Interest equivalent in leases–after tax (b)	**20.0**	19.8
Earnings from continuing operations before financing costs	$ **304.6**	$ 244.5
Working capital (c)	$ **728.1**	$ 618.5
Net property and equipment	**1,195.7**	1,031.7
Non-current assets	**18.9**	20.0
Capital leases	**97.9**	93.9
Present value of operating leases	**323.5**	235.4
Total investment at beginning of the year	**$2,364.1**	$1,999.5
Return on investment	**12.9%**	12.2%

(a) Interest expense on debt and capital lease obligations existing at the beginning of the year.
(b) Determined using an after-tax interest rate of 6.2% on beginning-of-year present value of operating leases.
(c) Current assets less non-interest bearing current liabilities.

Our future success in achieving our performance objectives will depend largely upon our continued effective application of the ROI tool in the following management processes:

Performance Appraisal. Corporate management and the management of each operating company are evaluated and compensated on return on investment, as well as on growth in earnings.

Capital Allocation. We allocate capital for expansion based on each operating company's past and projected performance measured against its ROI standard. Additional criteria for allocating capital include the quality of the company's strategic plan, strength of the management team and systems and development of market position.

Capital Project Evaluation. All capital projects are expected to achieve a 14% ROI by the fifth full year of operation and an internal rate of return over their life of 13%. The internal rate of return standard is used to provide a profit above our cost of capital on incremental investment. Audits of results in the years following completion determine whether individual project performance has met our standards.

Financial Policies

Consistent with our objective of maintaining a strong rating on our senior debt, we have established several financial policies. These policies include a maximum consolidated debt ratio, including capital leases and the present value of operating leases, of 45% of total capitalization.

Our consolidated debt ratio, including capital leases and the present value of operating leases, has been relatively stable in recent years despite our accelerated capital investment program.

Capitalization	(Millions of Dollars) 1983	1982	1981
Notes payable	$ —	$ —	$ 98.6
Long-term debt (a)	**630.1**	533.1	337.4
Capital leases (a)	**129.0**	107.9	101.6
Present value of operating leases	**335.6**	323.5	235.4
Total debt and equivalent	**1,094.7**	964.5	773.0
Deferred items	**84.9**	50.8	33.8
Equity	**1,540.2**	1,348.8	1,192.7
Total capitalization	**$2,719.8**	$2,364.1	$1,999.5
Debt ratio (total debt and equivalent as a percentage of total capitalization)	**40%**	41%	39%

(a) Including current portion.

In 1983, we issued $100 million of 10¾% sinking fund debentures due 2013. In 1982, we completed two issues of $100 million each of sinking fund debentures due 2012. We used the proceeds from these issues to fund our capital expenditure program.

The greater part of our growth will continue to be financed with internally generated funds. We intend to use a mix of intermediate-term and long-term debt, which is consistent with the cash flow characteristics of our investments, to fund the remainder of our future growth. Commercial paper will continue to be used primarily to fund our seasonal working capital requirements.

Because of the lead times required for the planning and construction of retail stores, we make commitments for some of our capital projects in advance of the time when the capital expenditures are made. Our financial policies limit the amount of such forward commitments to the level that could be funded by projected internally generated funds.

Capital Investment

We have concentrated our capital expenditures in recent years in Target, Mervyn's and B. Dalton Bookseller. In 1983, capital investment in retail operations, including the present value of all new capital and operating leases, totaled $377 million.

(Millions of Dollars)	**1983**	1982	1981
Capital expenditures	**$335**	$284	$254
Present value of new operating leases	**42**	111	46
Total	**$377**	$395	$300

In 1984, capital investment, including all leases, is expected to total approximately $400 million. For the 1984-88 period, current plans anticipate capital investment of approximately $2.5 billion.

Dividends and Common Stock Price

In support of our goal of providing our shareholders with a superior return on their investment, it is our policy to make annual increases in dividends on Common Stock.

Dividends declared in 1983 totaled $.62½ per share, a 9% increase over the $.57½ per share declared in 1982. The quarterly dividend was increased to $.16¼ per share for the dividend declared on October 12, 1983. The current annualized rate is $.65 per share. All dividends per share have been adjusted to reflect a two-for-one stock split effective July 22, 1983.

Dayton Hudson Corporation Common Stock is listed on the New York Stock Exchange and the Pacific Stock Exchange with the symbol DH, and abbreviated in newspaper listings as DaytH. At year-end, the number of Dayton Hudson shareholders of record was 14,620, compared with 12,256 at year-end 1982. On April 4, 1984, there were 15,108 shareholders of record.

	Quarterly Dividend Declared Per Share		Common Stock Price Range			
Fiscal			**1983**		1982	
Quarter	**1983**	1982	**High**	**Low**	High	Low
First	**$.15**	$.13¾	**$36¾**	**$26¼**	$17⅝	$13½
Second	**.15**	.13¾	**40⅝**	**33¼**	20	16¾
Third	**.16¼**	.15	**38⅛**	**30¾**	29⅝	17¼
Fourth	**.16¼**	.15	**37⅝**	**29**	32⅛	25
Total Year	**$.62½**	$.57½	**$40⅝**	**$26¼**	$32⅛	$13½

Annual EPS Growth

83	22%
82	23%
81	15%
80	8%
79	16%*

*Excluding the effect of unusual expenses incurred in 1978.

Return on Beginning Shareholders' Equity

83	18.0%
82	16.6%
81	15.0%
80	14.4%
79	15.6%

Return on Investment

83	12.9%
82	12.2%
81	11.6%
80	11.5%
79	11.8%

All comparisons based on continuing operations.

(Thousands of Dollars, Except Per-Share Data)

We achieved a 23% increase in both retail net earnings and revenues in 1983. This performance follows earnings growth of 24% and a revenue increase of 15% in 1982. Increased sales due to expansion as well as strong sales growth within our base business and effective control of operating expenses were key factors in improving 1983 earnings. In our continuing effort to bring greater value to our customers, we implemented a more competitive pricing strategy during 1983. While this strategy did reduce our gross margin rate somewhat, it also increased sales, which resulted in strong earnings growth over a year ago.

The following table illustrates the impact of the major factors in our earnings growth since 1980.

	1983	1982	1981	1980
Earnings per share—continuing	**$2.52**	$2.06	$1.67	$1.45
Earnings per share—discontinued	**.02**	.09	.14	.09
Consolidated earnings per share	**$2.54**	$2.15	$1.81	$1.54

Variance analysis: Continuing operations	**1983 vs. 1982**	1982 vs. 1981	1981 vs. 1980
Prior year's earnings per share	**$2.06**	$1.67	$1.45
Change in earnings per share due to:			
Revenues	**.58**	.36	.37
Gross margin rate	**(.22)**	.03	.07
Operating expense rate	**.30**	.21	(.01)
Start-up expenses	**(.05)**	(.02)	(.02)
Interest expense, net	**(.12)**	(.10)	(.18)
Income tax rate	**.05**	(.09)	.01
Corporate expense and other factors, net	**(.08)**	—	(.02)
Earnings per share	**$2.52**	$2.06	$1.67

Revenues

Each of our four business segments reported double-digit increases in total revenues in 1983. The major portion of our revenue growth was generated by Target and Mervyn's, partially the result of aggressive expansion by each company.

In addition to revenue growth from expansion, each of our business segments except Target reported double-digit gains from comparable stores (those open longer than 12 months). Target's comparable-store revenues increased 8%.

Our 15% total revenue increase in 1982 was somewhat less than that of 1981 for two reasons. First, because of the recession, 1982 was a year of very cautious spending by consumers and highly promotional pricing by retailers. Second, the addition of 40 Ayr-Way stores acquired in 1980 contributed greatly to Target's 1981 revenue growth. Given these factors, our revenue increase for 1982 was quite substantial.

Our comparable-store revenue growth has outpaced the rate of inflation in each of the past three years, indicating that our revenue increases were primarily due to real growth. We continue to use the Department Stores Inventory Price Index published by the Bureau of Labor Statistics (BLS) to estimate that portion of our revenue growth resulting from inflation. The 1983 BLS rate of 2.7% showed a slight decrease from the 1982 rate of 2.8%, and was down sharply from the 1981 rate of 4.7%.

Revenue Increases

	1983		1982		1981	
	All Stores	**Comparable Stores**	All Stores	Comparable Stores	All Stores	Comparable Stores
Target	**29%**	**8%**	17%	8%	34%	11%
Mervyn's	**26**	**13**	26	11	28	16
Department stores	**10**	**11**	5	4	7	3
Specialty merchandisers	**20**	**14**	4	9	15	7
Total	**23%**	**11%**	15%	7%	23%	9%

One measure we use to evaluate the productivity of our stores is revenues per square foot. All four of our business segments once again reported increases in 1983.

Revenues Per Square Foot* (Unaudited)

(Dollars)	1983	1982	1981
Target	**$172**	$156	$147
Mervyn's	**$213**	$197	$182
Department stores	**$146**	$130	$119
Specialty merchandisers	**$209**	$177	$164

*Average of beginning- and end-of-year square feet.

Our percentage of credit sales to total sales continued to grow in 1983, increasing to 39% from 38% in 1982 and 37% in 1981. Strong credit sales growth at Mervyn's and greater use of third-party credit cards contributed to the increase. While the major portion of our credit sales continue to be produced by internal credit cards, third-party credit cards generated approximately 28% of credit sales in 1983, up from 24% in 1982 and 1981. We recorded finance charge revenues of $124,341 on internal credit sales of $1,902,572 in 1983, $102,229 on sales of $1,597,297 in 1982 and $79,222 on sales of $1,365,857 in 1981. The increases are due to the strong growth in internal credit sales. The provision for bad debts as a percentage of internal credit sales was 2.0% in both 1983 and 1982, up from 1.4% in 1981.

Gross Margin Rate and Cost of Sales

Our overall gross margin rate (excluding buying and occupancy) declined in 1983 due to the promotional environment and our highly competitive pricing strategy, primarily at Target and Mervyn's. This is in keeping with our overall strategy to aggressively build sales volume, with a focus on generating strong increases in gross margin dollars, while at the same time emphasizing effective control and management of expenses. The gross margin gains in 1982 resulted from an increase at Target. The increases in 1981 came from Mervyn's and the specialty merchandisers group.

Changes in our margin rate result from two components: changes in the margin rates at each of the operating companies and the change in the business mix. The increasing proportion of revenues from Target, our low-margin operation, overstates the reduction of our gross margin rate in 1983 and partially masked the gains made at our other companies in 1982 and 1981. If our business mix had remained constant, the reduction in 1983 earnings per share from gross margin would have been $(.13) and gross margin improvements in 1982 and 1981 would have increased earnings per share by $.12 and $.18, respectively.

Operating Expense Rate

Our operating expense rate was 27.0% of sales, a decline from 27.9% in 1982 and 28.5% in 1981. The reductions stem primarily from our continued emphasis on operating expense control. Significant improvements were noted within our department store segment, which reduced its operating expense rate to 32.5% from 35.2% in 1982. Our overall 1983 improvement helped to offset increased operating expenses resulting from the high number of Target stores opened during the year. The continuing change in our business mix also is responsible for our reduced operating expense rate. The change in business mix improved earnings per share by $.22 in 1983, $.14 in 1982 and $.15 in 1981. Operating expenses include buying and occupancy, selling, publicity and administrative, depreciation, rent and taxes other than income taxes, and exclude start-up expenses.

Start-up Expenses

Start-up expenses include various personnel costs and construction-related expenses that are not capitalized. Target's

start-up expenses have accounted for over half of the total during the last three years, due to its aggressive expansion. In 1982 and 1983, Target acquired the lease rights to and remodeled and reopened 28 stores. In 1981, Target remodeled 40 Ayr-Way stores acquired in 1980. Mervyn's expansion has also increased its start-up expenses. Mervyn's start-up expenses more than doubled during 1983, reflecting primarily its expansion into Texas.

(Unaudited)	1983	1982	1981
Target	$17,400	$16,300	$12,600
Mervyn's	13,000	5,900	4,100
Department stores	2,700	2,400	4,100
Specialty merchandisers	2,200	2,300	2,000
Total	$35,300	$26,900	$22,800

Interest Expense

Our interest costs have risen as a result of additional debt incurred to help finance expansion. The 1983 percentage increase over 1982 is less than the prior year increase due to a combination of less new debt and lower interest rates. We capitalize as part of an asset's cost those interest costs incurred during the period of construction or remodeling. Our expense is reduced by this capitalized interest. Interest expense is reported net of interest income, which arises from seasonal cash flows and from the temporary investment of proceeds from debt issues.

	1983	1982	1981
Interest cost incurred	$79,092	$65,414	$45,087
Interest cost capitalized	(3,287)	(6,944)	(6,022)
Interest expense	75,805	58,470	39,065
Interest income	(4,403)	(4,501)	(2,447)
Net expense	$71,402	$53,969	$36,618

Income Tax Rate

Our effective income tax rate for retail operations declined to 45.7% in 1983 from 46.8% in 1982, and was above the 44.5% rate in 1981. The 1983 rate reflects higher investment tax credits due primarily to expansion by Target and Mervyn's. The lower tax rate in 1981 was the result of benefits from Ayr-Way purchase accounting items and investment tax credits resulting from the remodeling of the Ayr-Way stores. Our effective tax rates for 1983, 1982 and 1981 vary from the federal statutory rate as follows:

	1983	1982	1981
(Percent of Earnings Before Income Taxes)			
Statutory rate	46.0%	46.0%	46.0%
State income taxes, net of federal tax benefit	3.8	3.9	4.0
Tax credits*	(4.3)	(3.2)	(4.8)
Other	.2	.1	(.7)
Effective tax rate	45.7%	46.8%	44.5%

*Tax credits, primarily investment tax credits, were $19,193 in 1983, $11,867 in 1982 and $13,859 in 1981.

The components of the provision for income taxes for the last three years are:

	1983	1982	1981
Current:			
Federal	$135,550	$102,586	$ 82,158
State	26,191	18,136	16,355
	161,741	120,722	98,513
Deferred:			
Federal	37,802	46,430	26,722
State	5,007	7,434	2,772
	42,809	53,864	29,494
Total	$204,550	$174,586	$128,007

We provide deferred income taxes for income and expenses which are recognized in different years for financial and tax reporting. Our deferred tax provision is comprised of the following timing differences:

	1983	1982	1981
Excess of tax over book depreciation	$26,836	$14,984	$18,360
Deferred income on installment sales	21,031	31,578	15,170
Capitalized interest	1,322	3,472	2,805
Write-down of assets	(4,319)	5,029	(8,767)
Lease capitalization	(1,375)	(755)	(822)
Other	(686)	(444)	2,748
Provision for deferred taxes	$42,809	$53,864	$29,494

Significant Events

▪ *Test Strategies.* Pickwick Books, a discount book strategy developed by B. Dalton, has been operating four stores in Columbus, Ohio. In 1984, we plan to expand the test and open approximately 20 new stores.

In February 1984, we announced the end of our test strategy in off-price retailing, Plums...The Elegant Discounter, because the projected rate of return did not equal that of our established companies. The four store locations and most of the assets were sold to another retailer. The costs associated with Plums are included in 1983 earnings. The impact is insignificant.

▪ *Common Stock Splits.* On June 8, 1983, the Board of Directors authorized a two-for-one stock split effected in the form of a 100% stock dividend payable July 22, 1983, to shareholders of record June 30, 1983. The par value of the stock dividend was transferred from the Additional Paid-In Capital account to the Common Stock account effective July 22, 1983. This split followed a two-for-one stock split in November 1981, which was also effected in the form of a 100% stock dividend. All earnings per share, dividends per share and average common shares outstanding presented in this report reflect these stock splits.

▪ *Target Lease Acquisitions.* In August 1982, Target entered into agreements covering store locations in California, Arizona and Texas formerly operated by another retailer. The rent and start-up expenses incurred while the stores were closed for remodeling had a negative impact on earnings of $.03 per share in 1983 and $.08 per share in 1982. During 1983, 28 of these stores opened.

▪ *Sale of Dayton Hudson Jewelers.* Effective January 30, 1982, we sold all of the assets of Dayton Hudson Jewelers for cash and the assumption of certain liabilities. The sale resulted in a gain of $7,452, most of which was recognized during 1982. The company was included in our specialty merchandisers group. Our 1981 Consolidated Results of Operations include $56,646 in revenues and $2,620 in operating profit from Dayton Hudson Jewelers.

▪ *Discontinued Operations.* In 1978, we announced plans to dispose of our real estate business. Since then we have sold all of our real estate assets except some minor undeveloped land parcels. During 1983, we sold our final joint-venture interest in shopping center properties.

During 1983 and 1982, we recognized additional gains on earlier sales, as well as small gains on sales of other miscellaneous properties. Our 1981 results include a net gain of $13,860 from the sale of interests in four regional shopping center projects.

Quarterly Results (Unaudited)

We follow the same accounting policies in preparing our quarterly financial data as we do in preparing our annual data, with the following modifications:

- We expense costs of opening new stores evenly throughout the year in which they are incurred.
- We recognize real estate taxes, bonuses, professional fees and pension plan expense throughout the year based on anticipated annual amounts.
- We accrue charitable-contribution expense based on taxable income.
- We incur additional rental expense on the majority of our leased stores if the stores' annual sales exceed certain stipulated amounts. We estimate and record this additional rent each month based on actual monthly sales.
- We use our anticipated effective annual tax rate to compute income taxes on our quarterly earnings. Income taxes relating to significant gains from property sales are computed separately.
- During the year we forecast what our annual LIFO expense will be based on estimates of three factors: inflation rates (based on the Bureau of Labor Statistics annual index for retail inventories), inventory levels and initial mark-up levels. We allocate the projected expense to the quarters based on our historical experience of quarterly sales. In the fourth quarter of each year, we record an adjustment reflecting the difference between our estimates and actual LIFO expense. Our final 1983 LIFO expense was somewhat below our quarterly estimates due to a lower than anticipated inflation rate. Our final 1982 LIFO expense was unusually low due to a significantly lower than anticipated inflation rate and significant improvements in initial mark-up. The following table shows the LIFO impact on earnings per share as we reported it and as it would have been if we had known the final inflation rates, inventory levels and mark-up rates when we made our quarterly accruals.

	As Reported			Reallocated		
Quarter	**1983**	1982	1981	**1983**	1982	1981
First	**$ .03**	$ .04	$ .04	**$ .03**	$ —	$ .02
Second	**.05**	.03	.05	**.03**	—	.02
Third	**.05**	—	.04	**.03**	—	.03
Fourth	**—**	(.06)	(.02)	**.04**	.01	.04
Total Year	**$ .13**	$ .01	$ .11	**$ .13**	$ .01	$ .11

Sales were strong throughout 1983, with greater gains reported in the second half of the year. Despite improving economic conditions, the retail environment was highly competitive, resulting in a heavy emphasis on promotions. The implementation of our more value-oriented pricing strategy reduced gross margin rates during the year. They were lower than 1982 for each quarter. (These comparisons are based on gross margins which have been adjusted for the reallocation of LIFO expense described above.) Our overall operating expense rate was better than last year for each quarter. Net earnings in the first and second quarters of 1982 benefited from the recognition of additional gains from the 1981 sale of Dayton Hudson Jewelers.

Business Segment Trends

The mix of our business operations continues to change. Target and Mervyn's are contributing the greater portion of our revenues and operating profit, while the percentage of the total contributed by our department stores is declining. The business segment data on the next page quantifies this shift into the high-growth strategies. The percentage of revenues generated by Target and Mervyn's has grown from 47% in 1978 to 69% in 1983. Operating profit generated by the two companies has increased from 42% in 1978 to 63% in 1983. In 1978, department stores generated 40% of total revenues and 46% of operating profit, compared with 21% and 27%, respectively, in 1983.

The rapid expansion of Target and Mervyn's reflects our philosophy of allocating capital investment funds to those companies with the greatest potential for growth and return on investment. We anticipate continued growth from Target and Mervyn's. We currently project that nearly 85% of our capital investment dollars during the next five years will be allocated to these two companies. In 1983, 43% of our capital expenditures were made by Target and 41% were made by Mervyn's.

Mervyn's contributed the greatest portion of our operating profit for the third consecutive year. Mervyn's operating profit has risen from 18% of our total in 1978 to 32% in 1983, and has grown at a compound annual rate of 33% since 1978. Target's operating profit has risen from 24% of our total in 1978 to 31% in 1983, growing at a compound annual rate of 24% since 1978. Department stores reported strong gains in operating profit in 1983. Their operating profit has grown at a compound annual rate of 6% since 1978. The specialty merchandisers group also reported a strong increase in operating profit in 1983. Their five-year compound growth rate is 14%.

Our revenues have increased at a compound annual rate of 18% since 1978. Target and Mervyn's account for the greatest portion of that growth. The compound annual growth rates of revenues since 1978 are as follows: Target—28%; Mervyn's—29%; the department store group—5%; and the specialty merchandisers group—10%.

(Millions of Dollars, Except Per-Share Data)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total Year	
	1983	1982	**1983**	1982	**1983**	1982	**1983**	1982	**1983**	1982
Revenues	**$1,372.4**	$1,123.3	**$1,544.8**	$1,242.1	**$1,659.6**	$1,362.5	**$2,386.5**	$1,932.8	**$6,963.3**	$5,660.7
Gross profit*	**$ 405.4**	$ 322.6	**$ 453.0**	$ 361.6	**$ 490.5**	$ 413.9	**$ 689.5**	$ 604.8	**$2,038.4**	$1,702.9
Net earnings										
Continuing	**$ 21.7**	$ 16.5	**$ 35.3**	$ 26.3	**$ 44.3**	$ 38.1	**$ 141.9**	$ 117.5	**$ 243.2**	$ 198.4
Discontinued	**1.0**	5.3	**.8**	—	**.2**	.8	**.3**	2.2	**2.3**	8.3
Consolidated	**$ 22.7**	$ 21.8	**$ 36.1**	$ 26.3	**$ 44.5**	$ 38.9	**$ 142.2**	$ 119.7	**$ 245.5**	$ 206.7
Earnings per share										
Continuing	**$ .23**	$ .17	**$ .36**	$ .27	**$ .46**	$ .40	**$ 1.47**	$ 1.22	**$ 2.52**	$ 2.06
Discontinued	**.01**	.06	**.01**	—	**—**	.01	**—**	.02	**.02**	.09
Consolidated	**$ .24**	$ .23	**$ .37**	$ .27	**$ .46**	$ .41	**$ 1.47**	$ 1.24	**$ 2.54**	$ 2.15

*Gross profit is revenues less cost of sales, buying and occupancy.

(Millions of Dollars)	1983	1982	1981	1980	1979	1978
Revenues						
Target	**$3,118.4**	$2,412.4	$2,054.3	$1,531.7	$1,120.5	$ 898.7
Mervyn's	**1,688.9**	1,335.8	1,062.3	826.9	655.9	479.5
Department stores	**1,483.9**	1,350.2	1,285.5	1,203.9	1,173.8	1,172.3
Specialty merchandisers	**672.1**	562.3	540.8	471.0	434.6	411.4
Total	**$6,963.3**	$5,660.7	$4,942.9	$4,033.5	$3,384.8	$2,961.9
Operating Profit						
Target	**$ 176.8**	$ 150.1	$ 108.7	$ 91.1	$ 72.9	$ 61.4
Mervyn's	**184.5**	152.3	119.6	76.3	68.6	44.5
Department stores	**155.7**	114.4	89.9	94.0	103.0	115.3
Specialty merchandisers	**60.0**	43.1	36.4	20.1	23.6	30.5
Total	**577.0**	459.9	354.6	281.5	268.1	251.7
Corporate expense	**43.2**	22.1	20.0	17.6	22.0	18.8
Interest expense (income)	**71.4**	54.0	36.6	5.2	(1.1)	8.2
Interest expense on capital leases	**14.7**	10.8	10.5	8.4	6.5	6.0
Unusual expenses	**—**	—	—	—	—	19.8
Earnings before income taxes	**447.7**	373.0	287.5	250.3	240.7	198.9
Provision for income taxes	**204.5**	174.6	128.0	112.1	114.2	101.3
Net earnings:						
Continuing operations	**243.2**	198.4	159.5	138.2	126.5	97.6
Discontinued operations	**2.3**	8.3	13.9	8.5	65.6	167.3
	$ 245.5	$ 206.7	$ 173.4	$ 146.7	$ 192.1	$ 264.9
Operating profit as a percent of revenues						
Target	**5.7%**	6.2%	5.3%	5.9%	6.5%	6.8%
Mervyn's	**10.9%**	11.4%	11.3%	9.2%	10.5%	9.3%
Department stores	**10.5%**	8.5%	7.0%	7.8%	8.8%	9.8%
Specialty merchandisers	**8.9%**	7.7%	6.7%	4.3%	5.4%	7.4%
Assets						
Target	**$1,257.8**	$1,056.2	$ 886.2	$ 708.4	$ 443.9	$ 331.2
Mervyn's	**1,064.2**	821.3	597.4	434.3	322.8	218.4
Department stores	**863.3**	819.5	787.7	734.1	686.1	683.6
Specialty merchandisers	**291.1**	241.8	204.5	224.8	205.4	185.9
Corporate	**108.4**	36.3	64.7	17.9	93.7	66.2
	3,584.8	2,975.1	2,540.5	2,119.5	1,751.9	1,485.3
Discontinued operations (net*)	**1.6***	9.0*	14.7*	35.7*	41.3*	152.2
Total	**$3,586.4**	$2,984.1	$2,555.2	$2,155.2	$1,793.2	$1,637.5
Depreciation						
Target	**$ 56.4**	$ 42.1	$ 35.2	$ 21.8	$ 13.7	$ 9.8
Mervyn's	**30.0**	23.6	17.3	12.9	8.4	4.9
Department stores	**33.0**	31.2	29.8	25.0	22.3	20.7
Specialty merchandisers	**12.0**	10.4	9.5	7.6	5.8	4.6
Corporate	**1.7**	.6	.4	.4	.4	.4
	133.1	107.9	92.2	67.7	50.6	40.4
Less depreciation on capital leases	**7.7**	7.9	8.1	8.2	6.9	6.0
Total	**$ 125.4**	$ 100.0	$ 84.1	$ 59.5	$ 43.7	$ 34.4
Capital expenditures						
Target	**$ 143.4**	$ 137.5	$ 118.9	$ 125.7	$ 102.9	$ 63.7
Mervyn's	**138.3**	95.7	68.4	67.5	46.4	34.5
Department stores	**26.5**	27.8	46.5	51.8	46.1	44.7
Specialty merchandisers	**19.6**	18.6	18.7	20.0	22.5	13.1
Corporate	**6.8**	4.2	1.2	.2	.3	.1
	334.6	283.8	253.7	265.2	218.2	156.1
Less expenditures on capital leases	**25.6**	11.9	—	.4	6.9	20.0
Total	**$ 309.0**	$ 271.9	$ 253.7	$ 264.8	$ 211.3	$ 136.1

(Thousands of Dollars, Except Per-Share Data)	**1983**	1982	1981
Revenues	**$6,963,255**	$5,660,729	$4,942,859
Costs and expenses			
Cost of retail sales, buying and occupancy	**4,924,887**	3,957,861	3,482,027
Selling, publicity and administrative	**1,163,661**	984,141	883,811
Depreciation	**125,436**	100,039	84,089
Rental expense	**96,593**	78,235	69,253
Interest expense, net	**71,402**	53,969	36,618
Interest and depreciation on capital leases	**22,406**	18,648	18,536
Taxes other than income taxes	**111,133**	94,882	81,018
	6,515,518	5,287,775	4,655,352
Earnings from continuing operations before income taxes	**447,737**	372,954	287,507
Provision for income taxes			
Current	**161,741**	120,722	98,513
Deferred	**42,809**	53,864	29,494
	204,550	174,586	128,007
Net earnings from continuing operations	**243,187**	198,368	159,500
Net earnings from discontinued operations (net of income taxes of $663, $3,527 and $6,032)	**2,270**	8,348	13,920
	$ 245,457	$ 206,716	$ 173,420
Net earnings per share			
Continuing operations	**$ 2.52**	$ 2.06	$ 1.67
Discontinued operations	**.02**	.09	.14
	$ 2.54	$ 2.15	$ 1.81

These financial statements should be read in conjunction with information contained on pages 20-23 and 28-31.

(Thousands of Dollars)	1983	1982
Assets	**January 28, 1984**	January 29, 1983
Current Assets		
Cash	$ 47,571	$ 43,183
Marketable securities	71,350	1,000
Accounts receivable (net of allowance for doubtful accounts of $26,777 and $26,474)	952,846	828,433
Merchandise inventories (net of accumulated LIFO provision of $160,136 and $137,323)	998,711	784,949
Other	21,354	14,850
Discontinued segment, net	(12,449)	(773)
	2,079,383	1,671,642
Property and equipment		
Land	164,123	155,039
Buildings and improvements	1,003,896	862,186
Fixtures and equipment	677,656	521,129
Construction-in-progress	60,591	88,552
Accumulated depreciation	(538,830)	(431,213)
	1,367,436	1,195,693
Property under capital leases, net	115,776	97,906
Discontinued segment, net	14,013	9,840
Other	9,803	9,066
	$ 3,586,411	$ 2,984,147
Liabilities and shareholders' investment		
Current liabilities		
Accounts payable (including outstanding drafts of $147,682 and $101,527)	$ 612,742	$ 449,546
Accrued liabilities	320,802	258,158
Income taxes payable	104,275	92,457
Deferred income taxes–installment sales	164,394	143,363
Current portion of capital lease obligations and long-term debt	8,605	9,771
	1,210,818	953,295
Capital lease obligations	123,935	102,383
Long-term debt	626,532	528,871
Other	84,947	50,835
Shareholders' investment		
Common Stock	96,793	48,238
Additional paid-in capital	5,343	47,514
Retained earnings	1,438,043	1,253,011
	1,540,179	1,348,763
	$ 3,586,411	$ 2,984,147

These financial statements should be read in conjunction with information contained on pages 20-23 and 28-31.

(Thousands of Dollars)	1983	1982	1981
Operations			
Net earnings from continuing operations	**$243,187**	$198,368	$159,500
Depreciation and amortization	**133,718**	108,083	92,314
Deferred taxes	**21,778**	22,286	14,324
Provided by operations	**398,683**	328,737	266,138
Discontinued segment	**9,773**	13,970	35,017
Funds provided internally	***408,456***	*342,707*	*301,155*
Investment activities and distribution to shareholders			
Expenditures for property and capital leases	**334,556**	283,792	253,733
Disposal of property and capital leases	**(11,766)**	(5,751)	(7,702)
Increase in working capital*	**85,990**	96,774	192,038
Dividends	**60,425**	55,422	50,487
Funds used for investment activities and distribution to shareholders	**469,205**	430,237	488,556
Net financial requirements	**$ 60,749**	$ 87,530	$187,401
Financing activities			
(Increase) in cash and marketable securities	**$ (74,738)**	$ (15,771)	$ (33)
Additions to long-term debt	**106,426**	202,724	124,470
Current maturities and payments of long-term debt	**(9,481)**	(7,016)	(8,799)
Increase (decrease) in notes payable	**—**	(98,581)	70,099
Increase (decrease) in capital lease obligations	**25,606**	6,243	(7,093)
Other, net	**12,936**	(69)	8,757
Net financing provided	**$ 60,749**	$ 87,530	$187,401
***Analysis of changes in working capital:**			
Accounts receivable	**$124,413**	$163,271	$108,747
Merchandise inventories	**213,762**	121,875	119,273
Other current assets	**6,504**	(35,904)	37,930
Accounts payable and accrued liabilities	**(225,840)**	(113,620)	(40,364)
Income taxes—payable and current deferred	**(32,849)**	(38,848)	(33,548)
Increase in working capital	**$ 85,990**	$ 96,774	$192,038

These financial statements should be read in conjunction with information contained on pages 20-23 and 28-31.

(Thousands of Dollars)	Total	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings
Balance January 31, 1981	$1,066,368	$227	$23,876	$63,481	$ 978,784
Net earnings:					
Continuing operations	159,500				159,500
Discontinued operations	13,920				13,920
Dividends declared:					
Preferred Stock	(106)				(106)
Common Stock	(50,381)				(50,381)
Preferred Stock and stock option activity	3,380	(115)	142	3,353	
Two-for-one stock split	0		23,986	(23,986)	
Balance January 30, 1982	1,192,681	112	48,004	42,848	1,101,717
Net earnings:					
Continuing operations	198,368				198,368
Discontinued operations	8,348				8,348
Dividends declared:					
Preferred Stock	(61)				(61)
Common Stock	(55,361)				(55,361)
Preferred Stock and stock option activity	4,788	(112)	234	4,666	
Balance January 29, 1983	1,348,763	0	48,238	47,514	1,253,011
Net earnings:					
Continuing operations	243,187				243,187
Discontinued operations	2,270				2,270
Dividends declared on Common Stock	(60,425)				(60,425)
Stock option activity	6,384		240	6,144	
Two-for-one stock split	0		48,315	(48,315)	
Balance January 28, 1984	$1,540,179	$ 0	$96,793	$ 5,343	$1,438,043

Preferred Stock
Authorized 200,000 shares, voting, without par value; no shares outstanding at January 28, 1984, and January 29, 1983.
Common Stock
Authorized 160,000,000 shares $1 par value; 96,793,152 shares issued and outstanding at January 28, 1984; 96,475,564 shares issued and outstanding at January 29, 1983.

These financial statements should be read in conjunction with information contained on pages 20-23 and 28-31.

(Thousands of Dollars, Except Per-Share Data)

Consolidation. Our financial statements include the accounts of Dayton Hudson Corporation and subsidiaries, all of which are wholly owned, after elimination of material intercompany balances and transactions.

Marketable Securities. We record short-term investments at cost, which approximates market.

Accounts Receivable and Allowance for Losses. Our policy is to write off accounts receivable when any portion of the balance is 12 months past due, or when the required payments have not been received for six consecutive months. We base our allowance for uncollectible customer accounts receivable on our past experience with bad debts and on the ages of the various accounts.

All customer receivables are classified as current assets, including some which are due after one year. This is consistent practice in the retail industry.

For financial reporting, we recognize gross profit on retail installment sales when the sales are recorded. For income tax purposes, we use the installment method of reporting profit on installment sales.

Inventories. Inventories and the related cost of sales are accounted for by the retail inventory method using the last-in, first-out (LIFO) basis.

Property and Equipment. Property and equipment is recorded at cost less accumulated depreciation. For financial reporting, we compute depreciation on our property using the straight-line method. For tax purposes, we use accelerated depreciation or the accelerated cost recovery system (ACRS).

Investment Tax Credit. The investment tax credit reduces income taxes in the year we begin using the property.

Financing Costs. We amortize expenses incurred in obtaining long-term financing over the term of the related debt.

Per-Share Data. To compute net earnings per share from continuing operations, we deduct Preferred Stock dividends from net earnings and then divide by the weighted average number of common shares outstanding. For earnings per share from discontinued operations, we divide net earnings from discontinued operations by the same number of shares. Performance shares and the exercise of stock options and appreciation rights would not materially dilute earnings per share.

Fiscal Year. Our fiscal year ends on the Saturday nearest January 31:

Fiscal Year	Ended	Weeks
1983	January 28, 1984	52
1982	January 29, 1983	52
1981	January 30, 1982	52

Any references to years in this report relate to fiscal years rather than to calendar years.

As shown on page 18, our capital structure at the end of 1983 included $1,094,700 of debt and debt equivalents (capital and operating leases). This section provides more information on these components of our capital structure.

Lines of Credit

We had no commercial paper or short-term notes payable outstanding at January 28, 1984. During the year, the average amount of commercial paper outstanding was $53,346, at a weighted average interest rate of 9.0%. We maintained $75,500 of unsecured lines of credit with 14 banks. Borrowings under these lines are at the prime interest rate or at other rates agreed upon at the time of the borrowings. We compensate the banks for the lines of credit through the payment of fees. During 1983, our line agreements required us to pay fees of $324. We were not required to maintain any compensating balances under any of the agreements during 1983.

At year-end, we also had additional credit available in the form of two annually renewable, three-year revolving-credit agreements: one for $185,000 with 12 lending institutions, and one for $65,000 with four lending institutions. In each case, we pay a fee for this availability and have the option of borrowing at the prime rate, at a premium over the London Inter-Bank Offered Rate, or at a premium over domestic certificate-of-deposit rates. During 1983, we paid fees of $642 under our revolving-credit agreements. Any balance outstanding under the agreements at the end of the three-year period may be converted at our option into a four-year term loan. There were no balances outstanding at January 28, 1984.

Long-Term Debt

Long-term debt increased moderately during 1983. At year-end, long-term debt due beyond one year was:

	Jan. 28, 1984	Jan. 29, 1983
Sinking fund debentures	**$412,530**	$313,238
Sinking fund notes	**48,200**	49,100
Other unsecured notes—maturing at various dates to 2010 and bearing interest from 6% to 15¼%	**132,941**	129,099
Mortgage notes—notes and contracts for purchase of real estate, payable over periods ranging to 30 years from inception and bearing interest from 5½% to 14%	**32,861**	37,434
Total	**$626,532**	$528,871

Principal payments on this long-term debt over the next five years will be $3,528 in 1984, $3,164 in 1985, $4,127 in 1986, $4,535 in 1987 and $8,662 in 1988.

Sinking Fund Debentures. In May 1983, we issued $100,000 of 10¾% sinking fund debentures due 2013. We are required to retire $5,000 per year of the issue beginning in 1994.

Three other major sinking fund debenture issues outstanding are the $100,000 issue of May 1980 at 10⅞%, the $100,000 issue of June 1982 at 14¾% and the $100,000 issue of October 1982 at 11⅞%. Annual retirements for the three issues are $6,650, $4,000 and $5,000 beginning in 1991, 1988 and 1993, respectively. Two other issues of sinking fund debentures were also outstanding at January 28, 1984: $4,587 at 7¾% and $7,943 at 9¾%. These debentures are redeemable through minimum annual sinking fund payments of $1,250 each.

Sinking Fund Notes. The balance of $48,200 at January 28, 1984, represents borrowings under a private placement agreement at an interest rate of 8⅞%. Annual principal repayments of $900 increase to $3,200 in 1985 and continue until 1999.

Other Unsecured Notes. In November 1981, we issued $100,000 of 15¼% notes due 1991. These notes are prepayable at par anytime after November 15, 1986. Also included in Other Unsecured Notes are several industrial development revenue bonds: two issued in 1983 totaling $3,000, three issued in 1982 totaling $2,500, six in 1981 totaling $14,000 and two in 1980 totaling $10,900. Various other unsecured obligations of varying maturities make up the balance of this category.

Covenants and Collateral. In most of our long-term debt agreements, as well as the revolving credit agreements, we have agreed to observe certain covenants at the request of the lenders. Among these are provisions relating to working capital, funded debt, dividends and secured debt. Under the most restrictive of these provisions, $650,645 of our retained earnings at the end of 1983 was available for dividends and other types of restricted payments.

As a condition of borrowing under our mortgage notes and contracts, we have pledged related land, buildings and equipment as collateral. At January 28, 1984, $55,985 of our fixed assets served as collateral for these loans.

Leases

For financial reporting, we classify leases as either operating or capital leases. Capital leases are recorded as assets on our Statements of Financial Position and we report interest and depreciation expense on the leases instead of rent expense. Operating leases are not capitalized and lease rentals are expensed. For tax purposes, we deduct rent expense on all leases.

We own the majority of our Target and department stores. For those Target stores that are leased, the majority are under capital lease agreements. We lease most of our Mervyn's and specialty merchandising stores. These agreements are primarily operating leases. In addition, Mervyn's has capital leases on equipment with remaining terms ranging up to six years. Many of our longer-term leases include options to renew, with renewal terms varying from five to 40 years. Certain leases also include options to purchase the property.

The detail of leased property and equipment which we have capitalized in our Statements of Financial Position is:

	Jan. 28, 1984	Jan. 29, 1983
Real property	**$153,334**	$120,910
Equipment	**18,973**	25,791
Accumulated depreciation	**(56,531)**	(48,795)
Total	**$115,776**	$ 97,906

If we were to capitalize the minimum lease payments for all of our operating and capital leases with initial terms of over one year, using incremental interest rates at the inception of the leases, the present value of these payments would be approximately $502,043 at January 28, 1984, and $431,400 at January 29, 1983.

The impact of recording depreciation and interest expense rather than rent on the capital leases has been to decrease our net earnings by $1,495 in 1983, $1,197 in 1982 and $911 in 1981. Capital lease depreciation expense was $7,736 in 1983, $7,875 in 1982 and $8,079 in 1981.

The majority of our leases entitle the lessor to receive additional rent if sales of the leased stores exceed certain stipulated amounts. The additional rents are referred to as percentage rents because they are usually based on a percentage of any sales over the stipulated levels. Real estate taxes, insurance and other expenses may be covered by our rental payment or charged in addition to rent. In either case, we have included these expenses in Occupancy Costs in our Results of Operations.

Composition of Rental Expense

	1983	*1982*	*1981*
Minimum rents on long-term operating leases	**$66,319**	$52,078	$41,400
Short-term rentals	**13,844**	13,021	14,758
Percentage rents:			
Operating leases	**18,158**	15,764	15,323
Capital leases	**1,565**	1,427	1,137
Sublease income	**(1,828)**	(1,609)	(1,363)
Executory costs	**(1,465)**	(2,446)	(2,002)
Net expense	**$96,593**	$78,235	$69,253

Future minimum lease payments which must be made under lease agreements considered noncancellable as of the end of 1983 are:

	Operating Leases	Capital Leases
1984	$ 67,805	$ 20,570
1985	64,268	19,785
1986	60,210	19,332
1987	56,917	18,366
1988	54,321	17,254
After 1988	435,244	251,068
Total minimum lease payments (a)	$738,765	346,375
Less: Executory costs		13,729
Interest		203,634
Capitalized lease obligations, including current portion of $5,077		$129,012

(a) Minimum rental payments have not been reduced by minimum sublease rentals due in the future under noncancellable subleases ($12,058 for operating leases, $3,008 for capital leases).

Commitments and Contingencies

Commitments for the purchase of real estate, construction of new facilities and remodeling amounted to approximately $129,394 at January 28, 1984. We had additional commitments of $61,226 for equipment purchases.

Our contingent liability for mortgage debt on certain office properties sold in 1976 and the shopping centers sold in 1978 was approximately $44,379 at January 28, 1984. The purchasers have agreed to indemnify us for any costs we might incur in relation to the mortgages.

The nature and scope of our business brings our properties, operations and representatives into regular contact with the general public and a variety of other business and governmental entities, all of which subject us to exposure to claims and litigation arising out of the ordinary course of business. Considering the insurance which is in place for a portion of the claims and litigation, and noting that the ultimate consequences of any particular claim or litigation may not be conclusively determinable, it is the opinion of our management and our legal counsel that none of our current claims or litigation will have a material effect on our operations or financial condition taken as a whole.

(Thousands of Dollars, Except Per-Share Data)

Pension Plans

We have three pension plans, which cover all employees who meet certain requirements of age, length of service and hours worked per year. The benefits which they will receive from the plans are defined by the respective plan agreements. A small fourth plan was merged into the major plan early in 1982.

Contributions to the pension plans, which are made solely by the Corporation, are determined by an outside actuarial firm. To compute pension expense, our actuarial firm estimates the total benefits which will ultimately be paid to eligible employees and then allocates these costs to future periods. To do this, assumptions are made on the years the employees will work, their future salary increases, the number of employees who will earn the right to receive benefits under the plans and the rate of return (presently 7%) which will be received on the plans' present assets and future contributions.

In mid-1983, we adopted the unit credit actuarial method to determine the contributions to our pension plans and the amounts of pension expense. Previously, we used the frozen initial liability method. Due to our conservative funding and favorable investment returns, our pension plan assets exceed accumulated pension benefits. The change to the unit credit method results in a more appropriate level of funding considering the excess of pension assets over benefits. Under the unit credit method, funding generally increases as accumulated benefits increase, whereas the frozen initial liability method provides level funding over the employee's career. The 1983 contribution was $7,390 and our expense was $11,155, $2,473 less than it would have been under the old method. The contributions and expense for 1982 and 1981 were $13,857 and $12,761, respectively.

The benefits shown in the following statement are the present values of the total benefits which our employees had earned as of the end of the calendar year. Our actuarial firm assumed a 7% rate of return in calculating these present values.

Excess of Assets over Accumulated Benefits

	December 31	
	1983	1982
Equity securities	**$108,176**	$109,089
Fixed income securities	**95,908**	67,654
Insurance contracts	**13,625**	12,818
Contribution receivable	**3,866**	—
Total assets at market (cost: 1983—$216,407; 1982—$178,143)	**221,575**	189,561
Accumulated benefits		
Vested	**164,935**	153,253
Nonvested	**12,064**	8,849
	176,999	162,102
Excess of assets over accumulated benefits	**$ 44,576**	$ 27,459

Each percentage point change in the assumed rate of return would change the present value of vested and nonvested accumulated benefits by approximately $16,000. If we assumed the rates of return provided by the Pension Benefit Guaranty Corporation, our weighted average rate would be 9% rather than 7% and the present value of accumulated benefits would be reduced by approximately $32,000 with no change in the value of the plans' assets. The higher interest rate assumption would thus give us an excess of assets over accumulated benefits of approximately $77,000.

Supplemental Retirement and Savings Plan

Employees who meet certain eligibility requirements (based primarily on age and length of employment) can join the Supplemental Retirement and Savings Plan. Under the terms of the Plan, we contribute 50 cents for each dollar invested by an employee up to 2½% of the employee's gross cash compensation. Employees can invest up to 15% of their current gross cash compensation in the plan, with up to 5% prior to January 1, 1984, and 7% after December 31, 1983, being paid into the plan on a before-tax basis. Employees are partially vested with respect to the employer matching contributions after they have been in the plan two years and are fully vested after six years. Their own contributions are always fully vested.

The Corporation contributed $6,886 to the Plan in calendar year 1983, $3,968 in calendar 1982 and $3,578 in calendar 1981.

Assets, Liabilities and Equity of Supplemental Retirement and Savings Plan

	December 31	
	1983	1982
Investments at market value:		
Dayton Hudson stock fund	**$ 46,206**	$ 34,054
Fixed income fund	**53,710**	36,040
Equity fund	**51,651**	50,178
Total assets	**$151,567**	$120,272
Funds payable for securities, plan withdrawals and expenses	**$ 2,019**	$ 1,516
Plan equity	**149,548**	118,756
Total liabilities and equity	**$151,567**	$120,272

Employee Stock Ownership Plan

In 1983, we established the Dayton Hudson Corporation Employee Stock Ownership Plan, retroactive to January 1, 1982, to provide employees with an additional opportunity to own shares of the Corporation's Common Stock. Employees who are 18 years of age or older are automatically enrolled in the Plan upon completing one full year of employment and 1,000 hours of service. All contributions to the Plan are made by the Corporation in cash, Dayton Hudson Common Stock or both. Cash contributions are used by the Plan's Trustee to purchase Dayton Hudson Common Stock. All contributions are divided equally among the employees who are eligible to participate in that year's contribution. The annual contributions are made based upon the applicable tax laws in effect for the year in which the contribution is made. In 1982, the tax laws permitted the Corporation to contribute an amount equal to 1% of its capital

expenditures qualifying for investment tax credit. In 1983, the contribution is an amount equal to ½% of the payroll of eligible employees. During 1983, the Corporation accrued $2,800 for the Plan year ended December 31, 1983, and contributed $1,586 for the Plan year ended December 31, 1982.

Assets and Equity of Employee Stock Ownership Plan

	December 31	
	1983	1982
Cash and cash equivalents	**$ 111**	$ —
Dayton Hudson Common Stock at market value (cost: 1983—$1,483)	**1,245**	—
Contribution receivable	**2,800**	1,586
Total assets and equity	**$4,156**	$1,586

Stock Options, Performance Shares and Stock Appreciation Rights

We have four stock option plans for key employees. The 1981 Executive Long-Term Incentive Plan is the only one under which new grants can now be made. New grants can be for stock options, performance shares or both. The options can be Incentive Stock Options, Non-Qualified Stock Options or a combination of both. Incentive Stock Options have tax advantages for the employee, but can be exercised only in the order in which they were granted. Twelve months after the grant date, 25% of any options granted become exercisable and another 25% after each succeeding 12 months. The options are cumulatively exercisable and expire no later than 10 years after the date of the grant. The performance shares pay cash and stock if certain selected performance goals are met at the end of a four-year period. The 1976 Executive Long-Term Incentive Plan is essentially the same as the 1981 plan except that Incentive Stock Options were not available.

Two earlier plans, the 1972 Employees' Stock Option Plan and the Mervyn's 1976 Tandem Plan, offered stock appreciation rights in conjunction with the stock options granted. These rights allow the employees to surrender some of their options in exchange for shares of Dayton Hudson Common Stock. The number of shares of stock which they can receive is based on the difference between the price of the options and the market price of our Common Stock on the day the exchange takes place. At January 28, 1984, outstanding options for 6,105 shares had stock appreciation rights attached. The 1972 Plan grants expire 10 years from the date of the grant, and the 1976 Mervyn's Plan grants expire eight years from the date of the grant.

We base our expense accrual for stock appreciation rights on the relative likelihood that our employees will elect to exercise the rights rather than the related options. We record expense on performance shares based on the current market price of our Common Stock, and the extent to which the performance goals are being met. We recorded compensation expense of $1,808, $2,262 and $561 in 1983, 1982 and 1981, respectively. When employees exercise options, the total option price is credited to Common Stock and additional paid-in capital, and no expense is incurred.

The number of shares of unissued Common Stock reserved for future grants under all the plans was 1,737,331 at the end of 1983 and 2,022,200 at the end of 1982.

Options and Performance Shares Outstanding

	Options			Performance Shares Outstanding (a)
	Number of Shares	Price Per Share	Shares Exercisable	
1981				
Outstanding, beginning of year	1,985,332	$ 1.99–$12.36	1,014,072	269,900
Granted	349,474	13.41– 15.08		
Cancelled	(204,244)	7.13– 14.30		
Exercised	(465,928)	1.99– 12.36		
1982				
Outstanding, beginning of year	1,664,634	1.99– 15.08	863,720	222,000
Granted	271,584	17.44– 27.13		
Cancelled	(78,582)	9.32– 17.44		
Exercised	(459,928)	1.99– 14.60		
1983				
Outstanding, beginning of year	1,397,708	1.99– 27.13	679,116	206,152
Granted	285,380	33.88– 37.34		
Cancelled	(29,621)	9.97– 33.88		
Exercised	(348,642)	2.61– 17.44		
Outstanding, end of year	1,304,825	$ 1.99–$37.34	611,913	177,682

(a) Excludes performance shares issued in conjunction with options.

Board of Directors and Shareholders
Dayton Hudson Corporation
Minneapolis, Minnesota

We have examined the consolidated statements of financial position of Dayton Hudson Corporation and subsidiaries as of January 28, 1984 and January 29, 1983, and the related consolidated statements of results of operations, changes in financial position and shareholders' investment for each of the three years in the period ended January 28, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Dayton Hudson Corporation and subsidiaries at January 28, 1984 and January 29, 1983, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended January 28, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Minneapolis, Minnesota
March 16, 1984

Responsibility for Financial Statements and Accounting Controls

The financial statements and related information presented in this report have been prepared by our management according to generally accepted accounting principles. Estimates and other amounts in these statements reflect our best judgments. Management is responsible for the presentation, integrity and consistency of the data in the Annual Report.

To discharge this responsibility, we maintain a comprehensive system of internal controls and organizational arrangements designed to provide reasonable assurance that assets are safeguarded from unauthorized use or disposition, transactions take place in accordance with management's authorization and are properly recorded, and financial records are adequate for preparation of financial statements and other financial information. The concept of reasonable assurance is based upon a recognition that there are inherent limitations in any system of internal controls because the cost of the controls should not exceed the benefit derived. After judging the cost and benefit factors, we believe our system of internal controls provides this reasonable assurance.

To ensure the ongoing effectiveness of our internal control system, our goal is to recruit and employ highly qualified people, provide comprehensive written guidelines regarding procedural and ethical matters and conduct effective training programs. We also provide and promote an environment which encourages free and open communication at all levels in our organization.

The members of the Audit Committee of the Board of Directors, none of whom is a present employee or officer of the Corporation, are listed on page 40 of this report. The committee recommends independent auditors for appointment by the Board of Directors, and reviews their proposed services and their reports. The committee also reviews the internal audit plan and the results of the internal audit effort. Our independent auditors, Ernst & Whinney, our internal auditors, our general counsel and our corporate controller have full and free access to meet with the Audit Committee, with or without the presence of management. The Audit Committee meets regularly to discuss the results of the auditors' examinations and their opinions on the adequacy of internal controls and the quality of financial reporting.

Our financial statements have been audited by Ernst & Whinney, whose report appears on this page. Their report expresses an opinion as to the fair presentation of the financial statements and is based on an independent examination made in accordance with generally accepted auditing standards.

Kenneth A. Macke
President and
Chief Executive Officer

Richard L. Schall
Vice Chairman and
Chief Administrative Officer

Willard C. Shull, III
Senior Vice President,
Finance

Michael M. Pharr
Senior Vice President,
Control and Strategic Planning

Responding to the Impact of Inflation

The slowing of the high inflationary trends of the 1970s and early 1980s continued during 1983. Inflation still exists, however, and its effects on our operations remain a challenge. We continue to respond both strategically and operationally. Our strategic response is concentrated in the allocation of resources. We have recognized the need to consider real, or inflation-adjusted, return on investment when determining our business mix and have allocated capital resources to those companies with the most potential for real growth. We continue to seek an asset mix that provides both potential for real growth and increased profitability.

Operationally, we have concentrated on productivity improvements in pricing, expense control and asset management. Expense control is critical during inflationary periods since, unlike industries with a high percentage of fixed expenses, most retail expenses are directly affected by inflation. Because of the competitiveness of retailing, expenses tend to rise faster than retail prices. To illustrate this, expense inflation, as measured by the Consumer Price Index-Urban (CPI-U) has risen with rates of 3% to 12% over the past five years while retail price increases have fluctuated only 3% to 5% during the same period. Improved control of operating expenses enabled us to maintain a constant overall operating expense rate in 1979 through 1981, and to lower the rate in each of the past two years. Among the contributing factors in our expense performance are more efficient staffing, which reduced payroll dollars, and productivity improvements.

Inflation's Effect on Financial Reporting

Traditional financial statements prepared on a historical cost basis do not reflect inflation's impact on our financial performance or position. Historical measures tend to overstate earnings performance and understate the current cost to replace assets. While the rate of inflation has eased, the historical cost financial statements include the cumulative effects of both high and low inflation over the years. We do believe, however, that inflation's impact on our financial statements is less than many companies due to the high percentage of our assets acquired during the recent inflationary periods.

Management's Inflation-Adjusted Information

(Millions of Dollars, Except Per-Share Data)

	1983	1982	1981	1980	1979
Revenues					
As reported	**$6,963**	$5,661	$4,943	$4,034	$3,385
Adjusted for inflation (BLS)*	**6,963**	5,850	5,299	4,559	4,060
Earnings					
Pretax from continuing operations before inflation adjustments	**$ 471**	$ 374	$ 307	$ 283	$ 268
Cost to maintain inventories (LIFO)	**(23)**	(1)	(19)	(33)	(27)
Pretax as reported	**448**	373	288	250	241
Cost to maintain store locations and other owned and leased facilities (additional depreciation)	**(70)**	(57)	(50)	(37)	(33)
Income taxes as reported	**(205)**	(175)	(128)	(112)	(114)
Net, adjusted for inflation (current cost)	**173**	141	110	101	94
Dividends declared	**(60)**	(55)	(50)	(45)	(41)
Retained after dividends	**$ 113**	$ 86	$ 60	$ 56	$ 53
Earnings Per Share					
From continuing operations as reported	**$ 2.52**	$ 2.06	$ 1.67	$ 1.45	$ 1.34
Cost to maintain store locations and other owned and leased facilities (additional depreciation)	**(.72)**	(.60)	(.53)	(.38)	(.35)
Adjusted for inflation (current cost)	**1.80**	1.46	1.14	1.07	.99
Dividends declared	**(.63)**	(.58)	(.52)	(.48)	(.43)
Retained for future growth	**$ 1.17**	$ .88	$ .62	$ .59	$ .56
Ratios					
Inflation-adjusted earnings as a percent of historical	**71%**	71%	69%	73%	74%
Dividends declared as a percent of prior year inflation-adjusted earnings	**43%**	50%	50%	49%	
Effective tax rates					
As reported	**45.7%**	46.8%	44.5%	44.8%	47.5%
Adjusted for inflation (current cost)	**54.1%**	55.4%	53.8%	52.5%	55.0%
Shareholders' investment (net assets)					
As reported	**$1,540**	$1,349	$1,193	$1,066	$ 963
After adjusting assets to current cost, in 1983 purchasing power (CPI-U)**	**$2,188**	$2,009	$1,860	$1,761	$1,777
Dividends declared per common share					
As reported	**$ .63**	$ .58	$ .52	$ .48	$ .43
In 1983 purchasing power (CPI-U)	**$ .63**	$ .60	$ .57	$ .58	$ .59
Market price of Common Stock at year-end					
As quoted	**$29.88**	$27.25	$14.44	$11.19	$11.50
In 1983 purchasing power (CPI-U)	**$29.31**	$27.84	$15.30	$12.86	$14.76
Inflation indices					
Average CPI-U (1967 = 100)	**299.4**	290.0	274.2	249.1	219.8
Average of BLS rate (1973 = 100)	**160.7**	155.5	149.9	142.2	134.0

*Bureau of Labor Statistics
**Consumer Price Index-Urban

We have compensated for the effects of inflation in some aspects of our financial reporting. We use the last-in, first-out (LIFO) inventory accounting method for reporting purposes. We believe LIFO provides a better matching of current costs with revenues, than does the alternative method of first-in, first-out (FIFO). Consequently, our historical financial statements already provide in real terms a cost to replace the capital invested in inventories each year. We also have reporting systems that provide us with a more accurate assessment of our real performance.

The following supplementary disclosures, prepared in accordance with Statement on Financial Accounting Standards (SFAS) No. 33, provide an indication of inflation's impact on our historical financial statements. SFAS No. 33 requires supplementary income calculations based on two methods: current-cost accounting and constant-dollar accounting. Each method adjusts cost of retail sales and depreciation expense to arrive at inflation-adjusted net earnings. Revenues and all other expenses are adjusted only for changes in the value of the dollar as measured by the CPI-U. We also present our revenues and net earnings in 1983 dollars measured by an average of the Bureau of Labor Statistics (BLS) index. We believe this index is more representative than the CPI-U of actual price changes in our business.

We consider the current-cost method superior to the constant-dollar method because it more accurately reflects the impact of inflation associated with our operations.

Our inflation-adjusted earnings include additional depreciation expense to reflect in real terms the cost of replacing our current store facilities. We have gone beyond the requirements of SFAS No. 33 by calculating this expense not only for capital leases, but for all operating leases as well.

We believe that we are in a better position than many companies to do business in an inflationary environment because retailing is less capital intensive than many other industries. In addition, over half of our assets are relatively new due to the recent expansion of Target, Mervyn's and B. Dalton.

We are optimistic that we will continue to meet the challenges of inflation through our strategic planning.

We are encouraged, as well as challenged, by the results of the adjustments for inflation as shown in the table on page 33.

- When we adjust our reported five-year revenue growth rate of 20% by the BLS index, our growth, excluding inflation's impact, is 14%—clearly a strong record.
- After adjusting our net earnings for the additional cost of maintaining owned and leased facilities, we continue to retain profits in our business on a real basis. We have done so for each year the data is calculated.
- Our dividend payout ratio also indicates that on a real basis we are returning earnings to our shareholders rather than capital.
- Our 1983 retained net earnings as a percent of inflation-adjusted equity (5%) continues to show real growth in equity.
- Shareholders' investment, when adjusted for the current cost of our inventories and owned and capitalized leased assets, more accurately reflects the worth of our investment. The worth of our investment increases to $2.2 billion, compared with $1.5 billion as shown in our financial statements on page 25.

Current Cost

Return on Investment

	1983	1982
Net earnings from continuing operations before cost to maintain inventories	**$ 255,575**	$ 199,114
Cost to maintain inventories (LIFO)	**(12,388)**	(746)
Net earnings from continuing operations as reported	**243,187**	198,368
Cost to maintain assets (additional depreciation)		
Owned assets	**(56,606)**	(47,339)
Leased assets		
Capital	**(5,094)**	(2,165)
Operating	**(8,161)**	(8,095)
Net earnings from continuing operations, current cost	**173,326**	140,769
Interest expense	**41,400**	26,300
Interest equivalent in leases	**20,000**	19,800
Net earnings from continuing operations, current cost, before financing costs	**$ 234,726**	$ 186,869
Working capital	**$ 865,441**	$ 754,410
Net property and equipment	**1,627,121**	1,413,003
Non-current assets of discontinued operations, net	**9,840**	12,546
Other assets	**9,066**	7,425
Capital leases	**147,397**	139,156
Operating leases	**597,030**	431,111
Total investment at beginning of year, current cost	**$3,255,895**	$2,757,651
Return on investment	**7.2%**	6.8%

Our current-cost earnings in 1983 purchasing power (CPI-U) are:

	1983	1982	1981	1980	1979
Net earnings from continuing operations	**$170,033**	$143,796	$116,442	$116,523	$123,892
Earnings per share	**$ 1.76**	$ 1.49	$ 1.21	$ 1.22	$ 1.30

Shareholders' Investment and Capitalization

The value of shareholders' investment stated on a current-cost basis is higher than that shown in our financial statements on page 25, as a result of inflation's impact on our inventories and net property and equipment. Total capitalization also increases due to inflation's impact on our operating leases.

	1983	1982	1981
Shareholders' investment as reported	**$1,540,179**	$1,348,763	$1,192,681
Adjustment for inventory	**160,136**	137,323	135,921
Adjustment for owned and capitalized leased assets	**529,607**	480,919	426,507
Shareholders' investment, current cost	**2,229,922**	1,967,005	1,755,109
Adjustment for operating leases	**140,189**	147,871	144,745
Capitalized value of operating leases	**476,433**	449,159	286,366
Long-term debt, notes payable, deferred items and capital leases	**844,019**	691,860	571,431
Total capitalization, current cost	**$3,690,563**	$3,255,895	$2,757,651

Historical inventories, which are valued under the LIFO method, have been increased to approximate current replacement cost by adding back the cumulative LIFO provisions.

Adjustments for Inventories

	LIFO Inventory	Accumulated LIFO Provision	FIFO Inventory
1983			
Target	**$448,050**	**$40,111**	**$488,161**
Mervyn's	**251,450**	**36,012**	**287,462**
Department stores	**155,877**	**62,552**	**218,429**
Specialty merchandisers	**143,334**	**21,461**	**164,795**
Total	**$998,711**	**$160,136**	**$1,158,847**
1982			
Target	$338,947	$31,319	$370,266
Mervyn's	188,759	25,841	214,600
Department stores	146,717	59,056	205,773
Specialty merchandisers	110,526	21,107	131,633
Total	$784,949	$137,323	$922,272

Net property and equipment values are also higher because the costs to replace them are greater today than when they were purchased. Current costs of property and equipment were determined using indices based on annual changes in the cost of constructing or purchasing new assets.

Adjustments for Owned and Leased Assets

	1983	1982
Target	**$250,061**	$229,327
Mervyn's	**119,321**	102,216
Department stores	**211,359**	205,645
Specialty merchandisers	**67,377**	65,341
Corporate	**21,678**	26,261
Total	**$665,756**	$628,790

Constant Dollar

The constant-dollar method of determining the impact of inflation uses the CPI-U as an index of rising values for inventory and owned and leased facilities. As previously stated, we do not believe this is a relevant index for our business. The following data show in average 1983 dollars how application of the CPI-U would affect our results.

(Millions of Dollars, Except Per-Share Data)	1983	1982	1981	1980	1979
Shareholders' investment (net assets)	**$2,161**	$1,972	$1,868	$1,786	$1,731
Net earnings from continuing operations	**$ 165**	$ 113	$ 81	$ 86	$ 92
Earnings per share	**$ 1.71**	$ 1.18	$ .84	$ .91	$ .97

Constant-dollar adjustments to reported 1983 net earnings consist of $64,489 in additional depreciation expense on owned and leased property and equipment and $13,471 in additional cost of goods sold.

Revenues adjusted for the effect of inflation as measured by the CPI-U are as follows:

Revenues (1983 Dollars)

(Millions of Dollars)	1983	1982	1981	1980	1979
As reported	**$6,963**	$5,661	$4,943	$4,034	$3,385
As adjusted (CPI-U)	**$6,963**	$5,884	$5,397	$4,848	$4,611

Holding and Monetary Gains

Holding gains occur when the worth of our assets as measured by the current cost method rises faster than the loss of purchasing power in the dollars needed to replace them, as measured by the CPI-U.

In 1983, the current cost of our inventory increased $22,814 and our property and equipment, including all leased assets, increased $128,961 due to specific price rises. General inflation accounted for $139,150 of this increase, resulting in a holding gain of $12,625.

Monetary assets, such as accounts receivable, lose purchasing power during an inflationary period because the dollars they represent purchase fewer goods and services upon realization. Monetary liabilities gain because less purchasing power is required to pay off the obligations.

Neither holding nor monetary gains are included in inflation-adjusted earnings.

(In Average 1983 Dollars)	1983	1982	1981	1980	1979
Holding gains (losses) net of general inflation	**$12,625**	$20,896	$10,905	$(133,100)	$(119,572)
Net monetary gains	**$30,929**	$23,415	$46,416	$ 48,113	$ 42,363

The inflation-adjusted data represent reasonable approximations of the price changes in our business during the periods under review. They do not represent specific measurements of the assets and expenses involved.

No adjustments to income tax expense were made in computing the inflation-adjusted information, in accordance with current accounting requirements. As a result, the effective tax rate for 1983 increased from 45.7% on a historical basis to 54.1% on a current-cost basis.

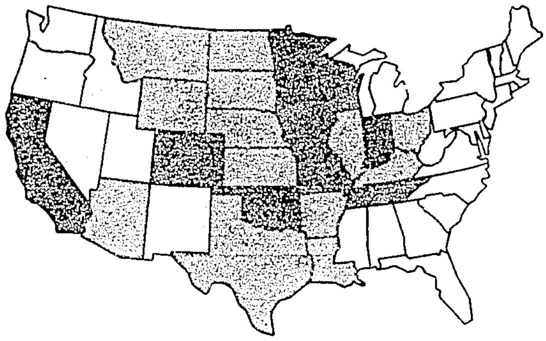
(Millions of Dollars, Except Per-Share Data)	**1983**	1982	1981	1980
Revenues	**$6,963.3**	5,660.7	4,942.9	4,033.5
Cost of retail sales, buying and occupancy	**$4,924.9**	3,957.9	3,482.0	2,844.1
Selling, publicity and administrative	**$1,163.7**	984.1	883.8	734.3
Depreciation	**$ 125.4**	100.0	84.1	59.5
Interest expense (income)	**$ 71.4**	54.0	36.6	5.2
Interest and depreciation on capital leases	**$ 22.4**	18.6	18.5	16.6
Earnings Before Income Taxes	**$ 447.7**	373.0	287.5	250.3
Income Taxes	**$ 204.5**	174.6	128.0	112.1
Net Earnings (Loss)				
Continuing	**$ 243.2**	198.4	159.5	138.2
Discontinued	**$ 2.3**	8.3	13.9	8.5
Consolidated	**$ 245.5**	206.7	173.4	146.7
Per Common Share				
Net earnings				
Continuing	**$ 2.52**	2.06	1.67	1.45
Discontinued	**$ .02**	.09	.14	.09
Consolidated	**$ 2.54**	2.15	1.81	1.54
Cash dividend declared	**$ .625**	.575	.525	.475
Shareholders' investment	**$ 15.91**	13.98	12.41	11.14
Return on Beginning Equity (Shareholders' Investment)				
Continuing	**18.0%**	16.6	15.0	14.4
Consolidated	**18.2%**	17.3	16.3	15.2
Capital Expenditures	**$ 334.6**	283.8	253.7	265.2
Consolidated Year-End Financial Position				
Working capital	**$ 868.6**	718.3	508.9	381.3
Property and equipment	**$1,367.4**	1,195.7	1,031.7	872.2
Property under capital leases	**$ 115.8**	97.9	93.9	100.4
Total assets	**$3,586.4**	2,984.1	2,555.2	2,155.2
Long-term capital lease obligations	**$ 123.9**	102.4	96.3	103.3
Long-term debt	**$ 626.5**	528.9	331.8	213.8
Shareholders' investment	**$1,540.2**	1,348.8	1,192.7	1,066.4
Average Common Shares Outstanding (Thousands)	**96,601**	96,220	95,788	95,212

The Financial Comparisons should be read in conjunction with the Financial Statements.
Per-share amounts and shares outstanding for 1982 and earlier have been restated to reflect a two-for-one Common Stock split effective July 22, 1983.
(a) Consisted of 53 weeks.

1979	1978[a]	1977	1976	1975	1974	1973
3,384.8	2,961.9	2,494.7	2,125.8	1,852.2	1,609.3	1,461.7
2,353.4	2,055.4	1,731.6	1,480.1	1,285.2	1,148.1	1,043.8
626.6	539.5	441.5	377.8	336.6	298.3	273.2
43.7	34.4	31.2	26.8	24.2	22.9	21.0
(1.1)	8.2	9.9	8.9	9.0	14.7	13.5
13.4	12.0	10.4	8.7	7.8	6.7	5.2
240.7	198.9	187.2	153.9	126.3	59.6	55.6
114.2	101.3	95.5	79.4	65.6	29.6	27.5
126.5	97.6	91.7	74.5	60.7	30.0	28.1
65.6	167.3	6.2	2.5	(.1)	(.4)	2.1
192.1	264.9	97.9	77.0	60.6	29.6	30.2
1.34	1.03	.98	.80	.66	.33	.31
.69	1.77	.06	.02	—	—	.02
2.03	2.80	1.04	.82	.66	.33	.33
.425	.375	.325	.26	.18	.15	.135
10.09	8.50	6.10	5.28	4.63	4.14	3.92
15.6	16.8	18.4	17.1	16.0	8.4	8.3
23.8	45.7	19.6	17.7	16.0	8.3	8.9
218.2	156.1	104.9	76.1	33.4	48.7	40.0
438.8	427.6	309.4	288.2	266.2	239.2	246.5
629.8	472.2	379.7	317.2	280.0	274.3	260.6
67.2	70.9	57.0	52.2	46.7	48.4	41.1
1,793.2	1,637.5	1,411.4	1,213.1	1,083.2	954.9	909.5
73.0	76.8	62.0	56.6	50.6	51.5	43.9
117.6	94.3	116.8	111.7	123.8	147.2	164.0
962.6	808.4	579.8	499.2	435.9	378.6	358.5
94,764	94,388	94,000	93,300	91,788	89,876	89,864

target

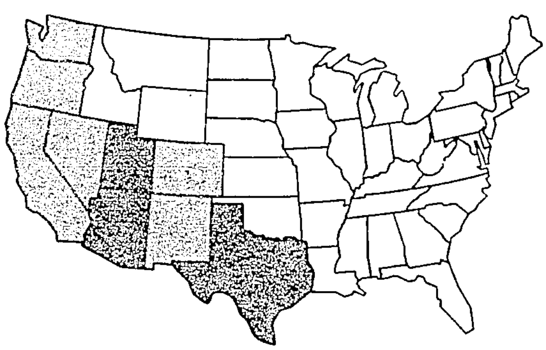
- 1-5
- 6-15
- 16-35
- 36-75



	No. of Stores	Retail Sq. Ft. (000)
Arizona		
Tucson	2	209
Arkansas		
Little Rock	3	289
California		
Los Angeles	20	2,056
San Diego	8	832
Colorado		
Colorado Springs	2	230
Denver	10	1,036
Ft. Collins	1	100
Grand Junction	1	102
Greeley	1	79
Illinois		
Bloomington/Normal	1	102
Champaign	1	86
Danville	1	81
Moline	1	80
Mt. Carmel	1	58
Indiana		
Anderson	1	93
Bloomington	1	82
Carmel	1	81
Clarksville	1	86
Columbus	1	100
Crawfordsville	1	62

mervyn's

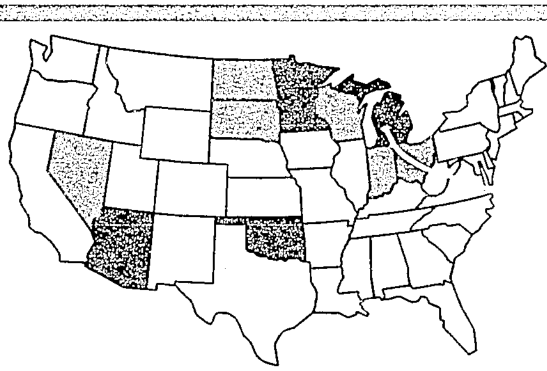
- 1-5
- 6-15
- 16-35
- 36-75



	No. of Stores	Retail Sq. Ft. (000)
Arizona		
Phoenix	6	493
Tucson	3	244
Yuma	1	76
California		
Bakersfield	1	102
Capitola	1	75
Chico	1	60
El Centro	1	64
Fresno	1	105
Lancaster	1	81
Lodi	1	68
Los Angeles	19	1,497

department stores

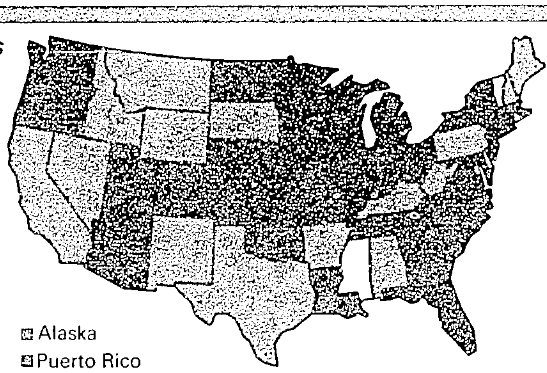
- 1-5
- 6-15
- 16-35



	No. of Stores	Retail Sq. Ft. (000)
Hudson's		
Detroit, MI	8	2,780
Ann Arbor, MI	1	187
Battle Creek, MI	1	103
Flint, MI	1	272
Grand Rapids, MI	1	124
Kalamazoo, MI	1	124
Lansing, MI	2	206
Pontiac, MI	1	289
Saginaw, MI	1	124
Ft. Wayne, IN	1	122
South Bend, IN	1	123
Toledo, OH	1	187
	20	4,641

specialty merchandisers

- 1-5
- 6-15
- 16-35
- 36-75
- 76-115



	No. of Stores	Retail Sq. Ft. (000)
B. Dalton Bookseller		
Northeast	121	461
Southeast	111	368
Midwest	195	632
South Central	95	313
Northwest	39	135
Southwest	138	531
Puerto Rico	2	6
	701	2,446
Lechmere		
Boston, MA	4	582
Springfield, MA	1	126
Manchester, NH	1	82
	6	790
Total Specialty Merchandisers	707	3,236

	No. of Stores	Retail Sq. Ft. (000)
Evansville	2	175
Ft. Wayne	3	267
Huntington	1	60
Indianapolis	10	829
Kokomo	1	86
Lafayette	1	79
Muncie	1	84
New Albany	1	84
Richmond	1	75
Shelbyville	1	51
South Bend	3	262
Iowa		
Ames	1	67
Bettendorf	1	80
Cedar Rapids	2	181
Clinton	1	61
Des Moines	3	314
Dubuque	1	80
Ft. Dodge	1	60
Mason City	1	50
Ottumwa	1	50
Sioux City	1	100
Waterloo	1	102
Kansas		
Wichita	2	200

	No. of Stores	Retail Sq. Ft. (000)
Kentucky		
Louisville	5	427
Louisiana		
Alexandria	1	102
Lafayette	1	102
Minnesota		
Duluth	1	125
Minneapolis/St. Paul	15	1,616
Rochester	1	102
Missouri		
St. Louis	10	1,085
Montana		
Billings	1	102
Nebraska		
Omaha	3	314
North Dakota		
Bismarck	1	80
Fargo	1	100
Grand Forks	1	100
Minot	1	80
Ohio		
Middletown	1	79
Oklahoma		
Oklahoma City	4	366
Tulsa	2	226

	No. of Stores	Retail Sq. Ft. (000)
South Dakota		
Rapid City	1	102
Sioux Falls	1	100
Tennessee		
Knoxville	2	183
Memphis	4	402
Nashville	3	306
Texas		
Austin	2	204
Beaumont	1	102
Dallas/Ft. Worth	11	1,215
Houston	14	1,503
Lubbock	1	101
San Antonio	6	575
Tyler	1	81
Waco	1	102
Wichita Falls	1	100
Wisconsin		
Milwaukee	5	557
Racine	1	102
Wyoming		
Casper	1	80
Total Target Stores	205	20,062

Marysville	1	67
Merced	1	65
Modesto	1	67
Oceanside	1	75
Redlands	1	76
Riverside	1	77
Roseville	1	76
Sacramento	4	278
Salinas	1	60
San Bernadino	1	87
San Diego	5	413
San Francisco Bay Area	17	1,277
San Jose	6	501

San Luis Obispo	1	60
Santa Rosa	1	90
Stockton	1	81
Ventura	1	74
Visalia	1	60
Colorado		
Grand Junction	1	75
Nevada		
Carson City	1	60
Las Vegas	2	159
Reno/Sparks	2	127
New Mexico		
Albuquerque	1	118

Oregon		
Portland	3	278
Texas		
Amarillo	1	76
Austin	2	162
Dallas	5	381
El Paso	2	158
Utah		
Ogden	1	83
Orem	1	93
Salt Lake City	4	354
Washington		
Vancouver	1	83
Total Mervyn's Stores	109	8,556

Dayton's		
Minneapolis/St. Paul, MN		
Department Stores	7	2,477
Home Stores	3	183
Rochester, MN	1	163
St. Cloud, MN	1	99
Fargo, ND	1	117
Grand Forks, ND	1	101
Sioux Falls, SD	1	102
LaCrosse, WI	1	101
	16	3,343

Diamond's		
Phoenix, AZ	7	976
Tucson, AZ	2	224
Las Vegas, NV	3	294
	12	1,494

John A. Brown		
Oklahoma City, OK	4	431
Tulsa, OK	2	201
	6	632
Total Department Stores	54	10,110

Total—All Stores	1,075	41,964

Total Stores by State

Alabama	5
Alaska	1
Arizona	39
Arkansas	7
California	207
Colorado	29
Connecticut	5
Delaware	1
Florida	32
Georgia	13
Idaho	4
Illinois	31
Indiana	46
Iowa	27
Kansas	8
Kentucky	9
Louisiana	14
Maine	1
Maryland	16
Massachusetts	13
Michigan	49
Minnesota	60
Missouri	24
Montana	5
Nebraska	9
Nevada	11
New Hampshire	2
New Jersey	20
New Mexico	5
New York	31
North Carolina	11
North Dakota	12
Ohio	34
Oklahoma	21
Oregon	13
Pennsylvania	36
Puerto Rico	2
Rhode Island	1
South Carolina	7
South Dakota	6
Tennessee	16
Texas	110
Utah	12
Virginia	18
Washington	21
Washington, D.C.	1
West Virginia	2
Wisconsin	25
Wyoming	3
Total	**1,075**

directors and management

Directors

William A. Andres, *Chairman of the Board; Chairman, Executive Committee(b)*

Rand V. Araskog, *Chairman of the Board and Chief Executive Officer, ITT Corporation (diversified multinational company)(b)*

Robert A. Burnett, *President and Chief Executive Officer, Meredith Corporation (media company engaged in printing, publishing, broadcasting and real estate)(a)(b)(c)*

E. Peter Gillette, Jr., *Vice Chairman, Norwest Corporation (banking and financial services company)(a)(b)(c)*

Roger L. Hale, *President and Chief Executive Officer, Tennant Company (industrial equipment manufacturer)(b)*

Donald J. Hall, *Chairman of the Board and Chief Executive Officer, Hallmark Cards, Incorporated (greeting card manufacturer)(b)(c)*

Howard H. Kehrl, *Vice Chairman, General Motors Corporation (manufacturer of transportation equipment)(a)(b)*

Kenneth A. Macke, *President and Chief Executive Officer(b)*

Bruce K. MacLaury, *President, The Brookings Institution (research and education organization)(a)(b)*

David T. McLaughlin, *President, Dartmouth College(b)(c)*

Richard L. Schall, *Vice Chairman*

William H. Spoor, *Chairman of the Board and Chief Executive Officer, The Pillsbury Company (diversified food producer)(b)*

Alva O. Way, *President, The Travelers Corporation (insurance and financial services company)(a)(b)*

Shirley Young, *President, Grey Strategic Marketing, Inc. (subsidiary of Grey Advertising, Inc., national advertising agency)(a)(b)(c)*

Officers

William A. Andres, *Chairman of the Board; Chairman, Executive Committee*

Kenneth A. Macke, *President and Chief Executive Officer*

Richard L. Schall, *Vice Chairman and Chief Administrative Officer*

Boake A. Sells, *Vice Chairman*

P. Gerald Mills, *Executive Vice President*

James T. Hale, *Senior Vice President and Secretary*

John F. Kilmartin, *Senior Vice President*

Michael M. Pharr, *Senior Vice President*

Willard C. Shull, III, *Senior Vice President*

Edwin H. Wingate, *Senior Vice President*

Ann H. Barkelew, *Vice President*

Larry E. Carlson, *Vice President*

Peter Corcoran, *Vice President*

Karol D. Emmerich, *Vice President and Treasurer*

Thomas M. Etzkorn, *Vice President*

William E. Harder, *Vice President and Assistant Secretary*

Peter Hutchinson, *Vice President*

Harry N. Jackson, *Vice President*

William P. Hise, *Assistant Secretary*

Arthur J. Smith, *Assistant Treasurer*

Operating Company Management

Target
Bruce G. Allbright, *Chairman and Chief Executive Officer*

Mervyn's
John F. Kilmartin, *Chairman and Chief Executive Officer*

Department Stores

Dayton Hudson Department Store Company
(The combination of Hudson's and Dayton's effective May 1, 1984)

P. Gerald Mills, *Chairman and Chief Executive Officer*
Robert J. Ulrich, *President*
Stephen E. Watson, *President, Region 1*
Thomas G. Payne, *President, Region 2*

Diamond's
Raj Joneja, *President and Chief Executive Officer*

John A. Brown
James R. Miller, *President and Chief Executive Officer*

Specialty Merchandisers

B. Dalton Bookseller
Sherman A. Swenson, *Chairman and Chief Executive Officer*

Lechmere
C. George Scala, *Chairman and Chief Executive Officer*

(a) Audit Committee
(b) Executive Committee
(c) Corporate Responsibility Committee

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Year-Ended January 28, 1984 | **Commission File Number 1-6049**

DAYTON-HUDSON CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota (State or other jurisdiction of incorporation or organization)	41-0215170 (I.R.S. Employer Identification No.)
777 Nicollet Mall, Minneapolis, Minnesota (Address of principal executive offices)	55402 (Zip Code)

Registrant's telephone number, including area code: 612/370-6948

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1 per share	New York Stock Exchange Pacific Stock Exchange
$25,000,000 7-3/4% Sinking Fund Debentures due July 15, 1994	New York Stock Exchange
$25,000,000 9-3/4% Sinking Fund Debentures due June 1, 1995	New York Stock Exchange
$100,000,000 10-7/8% Sinking Fund Debentures due May 15, 2005	New York Stock Exchange
$100,000,000 15-1/4% Notes due November 15, 1991	New York Stock Exchange
$100,000,000 14-3/4% Sinking Fund Debentures due 2012	New York Stock Exchange
$100,000,000 11-7/8% Sinking Fund Debentures due 2012	New York Stock Exchange
$100,000,000 10-3/4% Sinking Fund Debentures due 2013	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Aggregate market value of the voting stock held by non-affiliates of the Registrant on April 2, 1984, based on the closing price of $28.25 per share as reported on the New York Stock Exchange — Composite Index was $2,723,631,909. (Excluded from this figure is the voting stock held by Registrant's Directors and Officers.)

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. April 13, 1984: 96,862,924 shares of common stock, par value $1.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's 1983 Annual Report to Shareholders are incorporated into Parts I and II.
2. Portions of Registrant's Proxy Statement dated April 25, 1984 are incorporated into Part III.

PART I

Item 1. Business.

Pages 8-15; Financial Policies, Pages 18 and 19; Capital Investment, Page 19; Significant Events, Page 21; Quarterly Results, Page 22; Business Segment Trends, Page 22; Business Segment Comparisons, Page 23; and Pages 38 and 39 of Registrant's 1983 Annual Report to Shareholders are incorporated herein by reference. Registrant employs in excess of 100,000 persons.

Item 2. Properties.

Leases, Page 29 and the list of stores on Pages 38 and 39 of Registrant's 1983 Annual Report to Shareholders are incorporated herein by reference.

Item 3. Legal Proceedings.

Paragraph 3 of Commitments and Contingencies, Page 29 of Registrant's 1983 Annual Report to Shareholders is incorporated herein by reference.

Item 4. Submission of Matters to a Vote of Security Holders.

Not Applicable.

Item X. Executive Officers of the Registrant.

The executive officers of the Registrant as of April 1, 1984 and their positions and ages, are as follows:

Name	Title	Age
William A. Andres	Chairman of the Board, Chairman of the Executive Committee and Director	57
Kenneth A. Macke	President, Chief Executive Officer and Director	45
P. Gerald Mills	Executive Vice President, Chairman and Chief Executive Officer of Hudson's	55
Richard L. Schall	Vice Chairman, Chief Administrative Officer and Director	54
Boake A. Sells	Vice Chairman	46
Bruce G. Allbright	Chairman and Chief Executive Officer of Target	55
James T. Hale	Senior Vice President and Secretary	43
John F. Kilmartin	Senior Vice President, Chairman and Chief Executive Officer of Mervyn's	62
Michael M. Pharr	Senior Vice President	43
Willard C. Shull, III	Senior Vice President	43
Edwin H. Wingate	Senior Vice President	51
Ann H. Barkelew	Vice President	49
Peter C. Hutchinson	Vice President	34

Each officer is elected by and serves at the pleasure of the Board of Directors. There is no family relationship between any of the officers named nor is there any arrangement or understanding pursuant to which any person was selected as an officer. The period of service of each officer in the positions listed and other business experience are set forth below.

William A. Andres Chairman of the Board of Registrant since 1977, Chairman of the Executive Committee of Registrant since 1983 and Chief Executive Officer of Registrant from 1976 to 1983.

Kenneth A. Macke President of Registrant since 1981. Chief Executive Officer of Registrant since 1983. Chief Operating Officer of Registrant from 1982 to 1983. Senior Vice President of Registrant from 1977 to 1981. Chairman of Target from 1977 to 1981. Chief Executive Officer of Target from 1976 to 1981.

P. Gerald Mills Executive Vice President of Registrant since 1983. Senior Vice President of Registrant from 1978 to 1983. Chairman and Chief Executive Officer of Hudson's since 1981. President of Dayton's from 1978 to 1981.

Richard L. Schall Vice Chairman of Registrant since 1977 and Chief Administrative Officer of Registrant since 1976.

Boake A. Sells Vice Chairman of Registrant since 1983. President of Cole National Corporation (a diversified retail company) from 1969 to 1983.

Bruce G. Allbright Chairman and Chief Executive Officer of Target since 1984. Vice Chairman and Chief Administrative Officer of Target from 1982 to 1984. Chairman and Chief Executive Officer of U.S. Woolworth-Woolco (a retail company) from 1981 to 1982. President of Target from 1977 to 1981.

James T. Hale Senior Vice President, Secretary and General Counsel of Registrant since 1981. Vice President, Control and Administration of General Mills, Inc. (a consumer products company) in 1981. Vice President, Director of Corporate Growth for General Mills, Inc. from 1979 to 1981. Partner in Faegre & Benson (a law firm) from 1973 to 1979.

John F. Kilmartin Senior Vice President of Registrant from 1979. Chairman and Chief Executive Officer of Mervyn's from 1979. President and Chief Operating Officer of Mervyn's from 1974 to 1979.

Michael M. Pharr Senior Vice President of Registrant since 1980. Vice President of Registrant from 1979 to 1980. Senior Vice President of B. Dalton Company from 1978 to 1979.

Willard C. Shull, III Senior Vice President of Registrant since 1979. Vice President of Registrant from 1974 to 1979. Treasurer of Registrant from 1974 to 1979.

Edwin H. Wingate Senior Vice President of Registrant since 1980. Senior Vice President of Administration of Shaklee Corporation (a manufacturer and distributor of nutritional foods and supplements) from 1978 to 1980.

Ann H. Barkelew Vice President of Registrant since 1982. Vice President of corporate affairs of Munsingwear, Inc. (an apparel manufacturer) from 1981 to 1982. Chief public relations officer of Los Angeles County Schools from 1972 to 1981.

Peter C. Hutchinson Vice President of Registrant since 1981. Director of Metropolitan Programs of Registrant from 1980 to 1981. Director, Public Affairs and RDC Administration, of Dayton Hudson Properties from 1978 to 1980.

PART II

Item 5. <u>Market for the Registrant's Common Equity and Related Stockholder Matters.</u>

Dividends and Common Stock Price, Page 19; and Covenants and Collateral, Page 29 of Registrant's 1983 Annual Report to Shareholders are incorporated herein by reference.

Item 6. <u>Selected Financial Data.</u>

The data on years 1979 through 1983 in Financial Comparisons, Pages 36 and 37 of Registrant's 1983 Annual Report to Shareholders, are incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Policies, Pages 18 and 19; Capital Investment, Page 19; Analysis of Operations, Pages 20-22; and Inflation Information, Pages 33-35, of Registrant's 1983 Annual Report to Shareholders are incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

Pages 20-37 (excluding the Responsibility for Financial Statements and Accounting Controls on Page 32 and years 1973-1978 in the Financial Comparisons on page 37) of Registrant's 1983 Annual Report to Shareholders are incorporated herein by reference.

Item 9. Disagreements on Accounting and Financial Disclosure.

Not Applicable.

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors and Shareholders
Dayton Hudson Corporation
Minneapolis, Minnesota

We have examined the consolidated financial statements and related schedules of Dayton Hudson Corporation and subsidiaries listed in Item 14(a) of the annual report on Form 10-K of Dayton Hudson Corporation for the three years ended January 28, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Dayton Hudson Corporation and subsidiaries at January 28, 1984 and January 29, 1983, and the consolidated results of their operations and the changes in their financial position for each of the three years in the period ended January 28, 1984, in conformity with generally accepted accounting principles applied on a consistent basis. Further, it is our opinion that the schedules referred to above present fairly the information set forth therein in compliance with the applicable accounting regulation of the Securities and Exchange Commission.

ERNST & WHINNEY

Minneapolis, Minnesota
March 16, 1984

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in Registration Statement Number 2-85318 on Form S-3 and Post-Effective Amendment No. 1 to Registration Number 2-72549, Post-Effective Amendment Number 5 to Registration Statement Number 2-56883, and Registration Statement Number 2-81010 on Form S-8 of our report on the financial statements and financial statement schedules included in the annual report on Form 10-K of Dayton Hudson Corporation and subsidiaries for the year ended January 28, 1984.

ERNST & WHINNEY

Minneapolis, Minnesota
April 20, 1984

PART III

Item 10. Directors and Executive Officers of Registrant.

Election of Directors, Pages 1-5 of Registrant's Proxy Statement dated April 25, 1984, is incorporated herein by reference. See also Item X of Part I hereof.

Item 11. Executive Compensation.

Remuneration of Directors and Officers, Pages 6-11 of Registrant's Proxy Statement dated April 25, 1984, is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Outstanding Shares and Voting Rights, pages 13 and 14 of Registrant's Proxy Statement dated April 25, 1984, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

Not applicable.

PART IV

Item 14. Exhibits, Financial Statements, Schedules, and Reports on Form 8-K.

a) **Financial Statements:**

Consolidated Results of Operations for the Years Ended January 28, 1984, January 29, 1983 and January 30, 1982

Consolidated Statements of Financial Position at January 28, 1984 and January 29, 1983

Consolidated Statements of Changes in Financial Position for the Years Ended January 28, 1984, January 29, 1983 and January 30, 1982

Consolidated Statements of Shareholders' Investment for the Years Ended January 28, 1984, January 29, 1983 and January 30, 1982

Information which is an integral part of the financial statements on pages 20-23 and 28-31 of Registrant's 1983 Annual Report to Shareholders

Financial Statements Schedules:

For the Years Ended January 28, 1984, January 29, 1983 and January 30, 1982:

V — Property and Equipment

VI — Accumulated Depreciation and Amortization of Property and Equipment

VIII — Valuation and Qualifying Accounts and Reserves

IX — Short-Term Borrowings

X — Supplementary Income Statement Information

b) **Reports on Form 8-K**

Registrant was not required to file any reports on Form 8-K during the quarter ended January 28, 1984.

c) **Exhibits**

(3)A. Articles of Incorporation

B. By-Laws
Incorporated by reference to Exhibit 3(B) to Registrant's 10-Q Report for the quarter ended October 29, 1983

(4) Instruments defining the rights of security holders, including indentures. Registrant agrees to furnish the Commission on request copies of instruments with respect to long-term debt.

(9) Not Applicable

(10)A. 1976 Option Plan*†
Amendment to plan adopted May 25, 1983

B. Income Continuance Policy*

C. Executive Incentive Plan*

D. Excess Benefit Plan*

E. Supplemental Pension Plan*

F. 1981 Option Plan. Incorporated by reference to Exhibit A to Registrant's proxy statement filed as Exhibit II to Registrant's 10-K report for the year ended January 31, 1981

G. Excess Benefit Plan II

H. Retirement Contract — Kilmartin

I. Retirement Contract — Andres

* Incorporated by reference to Exhibits 10B and 10D-10G to Registrant's 10-K Report for the year ended January 31, 1981

† Incorporated by reference to Exhibit B to Registrant's proxy statement filed as Exhibit II to Registrant's 10-K Report for the year ended January 31, 1981

(11) Statement re computation of per share earnings

(12) Not Applicable

(13) 1983 Annual Report to Shareholders (only those portions specifically incorporated by reference herein shall be deemed filed with the Commission)

(18) Not Applicable

(19) Not Applicable

(22) List of Subsidiaries

(23) Not Applicable

(24) Consent of Experts

Consent of Independent Accountants is incorporated from page 4 hereof.

(25) Powers of Attorney

28(I) Registrant's 11-K Report

(II) Registrant's Proxy Statement dated April 25, 1984 (only those portions specifically incorporated by reference shall be deemed filed with the Commission)

Copies of Exhibits (10)A-(10)I, (22) and (28)(I) will be furnished upon written request and payment of Registrant's reasonable expenses in furnishing the exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DAYTON-HUDSON CORPORATION

By WILLARD C. SHULL, III

Willard C. Shull, III
Senior Vice President

Dated: April 20, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

KENNETH A. MACKE

Kenneth A. Macke
President and
Chief Executive Officer

Dated: April 20, 1984

WILLARD C. SHULL, III

Willard C. Shull, III
Senior Vice President
Chief Financial Officer

Dated: April 20, 1984

M. M. PHARR

Michael M. Pharr
Senior Vice President
Chief Accounting Officer

Dated: April 20, 1984

WILLIAM A. ANDRES
RAND V. ARASKOG
ROBERT A. BURNETT
E. PETER GILLETTE, JR.
ROGER L. HALE
DONALD J. HALL
HOWARD H. KEHRL
KENNETH A. MACKE
BRUCE K. MACLAURY
DAVID T. MCLAUGHLIN
RICHARD L. SCHALL
WILLIAM H. SPOOR
ALVA O. WAY
SHIRLEY YOUNG

Directors

Karol D. Emmerich, by signing her name hereto, does hereby sign this document pursuant to powers of attorney duly executed by the Directors named, filed with the Securities and Exchange Commission on behalf of such Directors, all in the capacities and on the date stated, such persons being all of the Directors of the Registrant.

By KAROL D. EMMERICH

Karol D. Emmerich
Attorney-in-Fact

Dated: April 20, 1984

DAYTON HUDSON CORPORATION AND SUBSIDIARIES

SCHEDULE V — PROPERTY AND EQUIPMENT
FISCAL YEARS 1983, 1982 AND 1981
(Thousands of dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	(1) Additions	Retirements	Other Changes	Balance at End of Period
1983:					
Land	$ 155,039	$ 13,967	$ 4,883	$	$ 164,123
Buildings and improvements	862,186	151,873	10,163		1,003,896
Fixtures and equipment	521,129	170,483	13,956		677,656
Construction-in-progress	88,552	(27,373)	588		60,591
	$1,626,906	$308,950	$29,590	$ 0	$1,906,266
1982:					
Land	$ 139,545	$ 21,258	$ 5,764	$	$ 155,039
Buildings and improvements	756,099	109,899	3,812		862,186
Fixtures and equipment	439,469	101,464	19,804		521,129
Construction-in-progress	49,421	39,308	177		88,552
	$1,384,534	$271,929	$29,557	$ 0	$1,626,906
1981:					
Land	$ 111,125	$ 28,767	$ 347	$	$ 139,545
Buildings and improvements	643,850	119,690	7,441		756,099
Fixtures and equipment	340,514	119,546	20,591		439,469
Construction-in-progress	64,446	(14,270)	755		49,421
	$1,159,935	$253,733	$29,134	$ 0	$1,384,534

(1) Represents cash expenditures and transfers from construction-in-progress.

Depreciation is computed using the straight-line method and the following lives:

Land improvements	20 years
Buildings and building improvements	8 to 55 years
Leasehold improvements	Lease term or useful life of asset, whichever is less
Fixtures and equipment	4 to 8 years

DAYTON HUDSON CORPORATION AND SUBSIDIARIES

SCHEDULE VI — ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT
FISCAL YEARS 1983, 1982 AND 1981
(Thousands of dollars)

Column A	Column B	Column C	Column D	Column E
Classification	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements	Balance at End of Period
1983:				
Buildings and improvements	$253,618	$ 43,375	$ 5,863	$291,130
Fixtures and equipment	177,595	82,061	11,956	247,700
	$431,213	$125,436	$17,819	$538,830
1982:				
Buildings and improvements	$219,970	$ 36,682	$ 3,034	$253,618
Fixtures and equipment	132,831	63,357	18,593	177,595
	$352,801	$100,039	$21,627	$431,213
1981:				
Buildings and improvements	$191,626	$ 31,953	$ 3,609	$219,970
Fixtures and equipment	96,115	52,136	15,420	132,831
	$287,741	$ 84,089	$19,029	$352,801

DAYTON HUDSON CORPORATION AND SUBSIDIARIES

SCHEDULE VIII — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FISCAL YEARS 1983, 1982 AND 1981
(Thousands of dollars)

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for Doubtful Accounts			(1)	
1983	\$26,474	\$37,180	\$36,877	\$26,777
1982	\$22,956	\$32,632	\$29,114	\$26,474
1981	\$26,607	\$19,149	\$22,800	\$22,956

(1) Accounts determined to be uncollectible and charged against reserve, net of collections on accounts previously charged against reserve.

DAYTON HUDSON CORPORATION AND SUBSIDIARIES

SCHEDULE IX — SHORT-TERM BORROWINGS
FISCAL YEARS 1983, 1982 AND 1981
(Thousands of dollars)

Column A	Column B	Column C	Column D	Column E	Column F
Category of Aggregate Short-term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period
1983:					
Commercial paper	—	--	\$188,790	\$ 53,346	
Short-term bank borrowings	—	—	—	—	9.00%
1982:					
Commercial paper	—	—	\$203,430	\$101,966	
Short-term bank borrowings	—	—	\$ 5,000	\$ 18	12.57%
1981:					
Commercial paper	\$98,581	13.61%	\$296,278	\$123,626	
Short-term bank borrowings	—	—	\$ 10,000	\$ 103	15.76%

DAYTON HUDSON CORPORATION AND SUBSIDIARIES

SCHEDULE X — SUPPLEMENTARY INCOME STATEMENT INFORMATION
FISCAL YEARS 1983, 1982 AND 1981
(Thousands of dollars)

Column A	Column B		
	Charged to Costs and Expenses		
Item	1983	1982	1981
Maintenance and repairs	$ 22,339	$ 19,122	$ 18,077
Taxes other than income taxes (a)			
Real and personal property taxes	$ 32,665	$ 30,368	$ 24,834
Payroll taxes	75,283	61,902	54,403
Other	3,185	2,612	1,781
	$111,133	$ 94,882	$ 81,018
Advertising costs	$161,560	$134,050	$120,498
	Included in Revenues		
Sales by leased departments	$118,871	$102,960	$ 98,515
Finance charge revenue	$124,341	$102,229	$ 79,222

(a) Taxes paid as lessee in accordance with certain lease agreements have been included in cost of retail sales, buying and occupancy and are not included herein.

Amounts for depreciation and amortization of intangible assets, preoperating costs and similar deferrals, and royalties are not presented as such amounts are less than 1% of total revenues.

...porate information

Corporate Offices
777 Nicollet Mall
Minneapolis, Minnesota 55402
Telephone (612) 370-6948

Annual Meeting
The Annual Meeting of Shareholders is scheduled for 10:00 a.m. Wednesday, May 30, 1984, at The Children's Theatre, Minneapolis Institute of Arts, 2400 Third Avenue South, Minneapolis, Minnesota.

Community Involvement
In keeping with its commitment to corporate responsibility, Dayton Hudson annually contributes an amount equal to 5% of its federally taxable income to support its giving programs. For a complete report on 1983 contributions and programs, write to Vice President, Public Affairs.

10-K Report
A copy of the Form 10-K annual report filed with the Securities and Exchange Commission for Dayton Hudson's fiscal year ended January 28, 1984, is available at no charge to shareholders. Write to Director, Financial Relations.

Shareholder Investment Service
The Shareholder Investment Service is a convenient way for Dayton Hudson shareholders to acquire additional shares of the Corporation's Common Stock through automatic dividend reinvestment and voluntary cash purchase. All holders of Dayton Hudson Common Stock may participate. For more information, write to Director, Financial Relations.

Transfer Agents and Registrars
Norwest Bank Minneapolis, N.A.
Norwest Trust Company, New York

Dividend Agent
Norwest Bank Minneapolis, N.A.

Trustees
First Trust Company of St. Paul
- 9¾% Sinking Fund Debentures due 1995
- 10⅞% Sinking Fund Debentures due 2005
- 15¼% Notes due 1991
- 14¾% Sinking Fund Debentures due 2012
- 11⅞% Sinking Fund Debentures due 2012
- 10¾% Sinking Fund Debentures due 2013

First National Bank of St. Paul
- 7¾% Sinking Fund Debentures due 1994

Stock Exchange Listings
New York Stock Exchange
Pacific Stock Exchange
(Trading Symbol DH)

Shareholder Assistance
For assistance regarding individual stock records and transactions, contact:
Shareholder Relations
Dayton Hudson Corporation
777 Nicollet Mall
Minneapolis, Minnesota 55402
Telephone (612) 370-6735

196

DAYTON HUDSON CORPORATION

777 Nicollet Mall
Minneapolis, Minnesota 55402